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Hong Kong is told a few hard truths, Page 11

NEWS SUMMARY

GENERAL

U.S. and Soviets talk in Geneva

Soviet and U.S. negotiators held a 3 hr 10 min session on intercontinental nuclear arms in Geneva – six days after the Moscow delegation walked out of separate talks on medium-range missiles in Europe.

In London, chief U.S. negotiator in the broken-down talks, Ambassador Paul Nitze, said he was hopeful that the Russians would return. He said he would not be surprised if Moscow suggested that the talks on medium-range and intercontinental weapons should be merged. Page 2

In Washington, the White House said U.S.-Israel talks there concerned the resumption of supplies of the controversial cluster-bomb artillery shells to Israel. Page 4

Air workers freed

Armed Moslems kidnapped 60 employees of Middle East Airlines in Beirut, apparently in retaliation for an earlier abduction by Christian gunmen, but freed them two hours later. Italian withdrawal deadline, Page 12

Commonwealth line

British Commonwealth heads of government ended their week's conference in New Delhi, with a condemnation of South African apartheid, an offer of aid to Grenada, and a demand for withdrawal of Turkish Cypriots' independence declaration. Page 6

Surinam coup bid

Surinam radio reported that an attempted coup against military leader Desi Bouterse failed.

UK print dispute

Pressure for a settlement increased in the dispute between England's Stockport Messenger free newspaper series and the NGA, the print workers union, which has led to the stopping of some national newspapers. By 10 p.m. GMT last night at least 1,000 pickets had arrived and there were scuffles with 800 police. Another 1,000 pickets were expected before morning. Page 12

Soviet craft buzzed

Japan sent up 30 jets to buzz nine Soviet bombers when they flew close to south-west Japan while a new Soviet missile cruiser sailed through the Tsushima Strait.

Missile test go-ahead

Canadian Federal Appeal Court ruled that the Government could allow testing of U.S. cruise missiles without breaching the Charter of Rights. Page 6

Angola rebels killed

Angola said government forces had killed 54 rebels in clashes in three provinces.

Liberian arrest

Monrovia radio said that Col John Noah, alleged to have been involved in a plot to overthrow Liberian leader Samuel Doe, was arrested trying to cross into Guinea.

U.S. bans minister

U.S. Administration refused a visa for Nicaraguan Interior Minister Tomas Borge to visit Washington this week. Page 4

Nicaragua claimed that U.S. warships and aircraft were operating close to its Pacific coast.

Briefly...

Chess: Gary Kasparov 1½–2½ down against Viktor Korchnoi, postponed game five in their world title eliminator

Salzburg: Seven mountaineers feared dead were rescued from an alpine cave after being trapped by floods for 28 hours.

BUSINESS

EEC to double tariff on discs

● EEC Foreign Ministers voted to double tariff on digital audio discs from 9.5 per cent to 19 per cent and to offer compensatory tariff cut on reel-to-reel tape recorders from 7 per cent to nil. Audio disc duty would remain at 19 per cent for three years and fall to present level by 1989, with tape recorder tariff following parallel path back to present level.

● DOLLAR reached record highs against the French and Belgian francs and the lira, and a 15-week high against the D-Mark, due to expectations of higher U.S. interest rates and demand before the year-end. It closed at DM 2.7175 (from DM 2.7115), FFr 8.2625 (FFr 8.2425), SwFr 2.182 (SwFr 2.176), and BFr 55.12 (BFr 54.99), L1645 (L1640.5). But it slipped to Y234.6 from Y234.8. Its Bank of England trade-weighted index rose from 128.7 to 129.2. In New York it closed at DM 2.696; SwFr 2.162; FFr 8.2 and Y233.1. Page 31

● STERLING fell 15 points to $1.4585 and to Y342.5 (Y343), but improved to DM 3.965 (DM 3.96), FFr 12.045 (FFr 12.0325), and SwFr 3.185 (SwFr 3.18). Its trade weighting closed unchanged at 83.1. In New York it closed at $1.4655. Page 31

● GOLD fell $0.5 in London to $392.625. In Frankfurt and Zurich it fell $2.75 to $391.5. In New York the Comex December settlement price was $397.6 ($395.2). Page 30.

● WALL STREET advanced to a new peak last night with a strong bond market helping shares higher after Monday's one-day slip. At the close, the Dow Jones industrial average was 17.38 ahead at 1,287.20. The previous record of 1,284.65 was set on October 10 this year.

● LONDON: FT Industrial Ordinary index improved its record by 2.8 to close at 748.7. Some Government securities showed marginal falls. Report, Page 25. FT Share Information Service, Pages 26, 27

● TOKYO: Nikkei Dow index dropped 38.36 to 9,256.35. Stock Exchange index fell 2.74 to 684.41. Report, Page 21. Leading prices, other exchanges, Page 24

● U.S. merchandise trade deficit expanded to a seasonally-adjusted $8.97bn in October from $5.81bn in September, the Commerce Department said. The October deficit was $1.78bn larger than the previous record of $7.195bn set in August.

● FRANCE almost eliminated its current account deficit in the third quarter. Page 5

● JAPAN's exports of video tape recorders set a monthly record of 1.66m in October. Page 5

● BANK OF MONTREAL, Canada's largest chartered bank when the acquisition of Harris Bankcorp of Chicago is included, earned C$282.6m (U.S.$227.9m) or C$3.87 a share in the year to October 31, compared with C$257m or C$3.70 in fiscal 1982.

● NUOVO BANCO Ambrosiano, successor to the failed Banco Ambrosiano, announced a L24.9bn ($15.6m) loss for its first operating period of 11 months ended June. Page 13

● ALLIANZ Versicherung, West Germany's largest insurer, may announce a new bid for Eagle Star, UK insurance group, on Monday. Rival bidder BAT Industries of UK announced adjusted details of its £913m ($1.33bn) bid and extended its time limit to December 21. Page 17

● JAPAN Air Lines' air staff went on strike for better conditions, causing most flights to be cancelled.

● COURTAULDS, the UK textiles group, increased pre-tax profits 111 per cent in the half to September at £47.7m ($69.6m). Lex, Page 12. Details, Page 16

BLOW TO WEST GERMAN COALITION

Lambsdorff faces bribery charges over Flick affair

BY JAMES BUCHAN IN BONN

The Bonn public prosecutor is to press charges against Count Otto Lambsdorff, the West German Economics Minister, for taking bribes from Friedrich Flick Industrieverwaltung, the country's largest family-owned industrial concern.

The announcement at a packed press conference in Bonn yesterday is a savage blow to Chancellor Helmut Kohl's coalition and has serious implications for Count Lambsdorff's small Free Democrat Party (FDP), which has held the balance of power for most of the country's existence.


Count Otto Lambsdorff

Count Lambsdorff, Dr Hans Friderichs, chief executive of Dresdner Bank and Count Lambsdorff's predecessor as economics minister, and Dr Horst-Ludwig Riemer, a former economics minister of North-Rhine Westphalia, are charged with being "influenced" by payments from Flick, Dr Franzbruno Eulencamp, the public prosecutor, said yesterday.

Two former Flick officials, Herr Eberhard von Brauchitsch and Herr Manfred Nemitz, are charged with bribery. All five have denied wrongdoing. If convicted, they face up to five years in jail.

Dr Eulencamp said that he had asked the speaker of the Bundestag to lift Count Lambsdorff's parliamentary immunity. Should the house comply and the Bonn court go ahead with proceedings, as is most probable, it would be the first time n West German minister has faced court action.

Count Lambsdorff, 56, who has met the allegations during the two-year investigation with icy, Prussian calm, yesterday declined to comment on the announcement in Brussels, where he was attending an EEC Council of Ministers meeting.

Associates said that they were taken by surprise by the extent of the charges and that the minister would wait until his lawyer had studied the prosecutor's statement.

The bulk of the charges concerns tax allowances to Flick worth some DM 800m ($295m) on the DM 1.9bn in capital gains realised from the

Continued on Page 12

Charges a blow to Kohl, Page 2

Paris and Bonn sign major telephone pact

BY DAVID MARSH IN PARIS

FRANCE and West Germany have agreed an important programme of telecommunications collaboration covering the setting up of a joint mobile telephone system and the gradual opening of the two countries' markets for public sector telecommunications equipment.

The accord, announced by M Louis Mexandeau, the French Posts and Telecommunications Minister, follows a preliminary understanding on radio-telephones reached between the two sides in July.

The programme is an important part of the French Government's plans for wider EEC industrial collaboration in electronics and other key sectors, which Paris will be trying to promote intensively when it takes over the EEC presidency for the first half of 1984.

But the planned Franco-German cellular radio systems, which will allow telephone-fitted vehicles to communicate with each other from any point in the two countries, will almost certainly use a different standard from the one agreed earlier this year for Britain.

Companies from France and Germany will be replying to a tender for radio-telephone equipment being launched on December 15 by the two governments. The aim is to start the network by 1986 using an equal volume of equipment from each country's industry.

CIT-Alcatel of France, which agreed a year ago to develop the MATS-E cellular radio standard jointly with Philips of the Netherlands, looks likely to play an important role in the system.

Siemens in West Germany, which has already had contacts in this area with the other main French communications company, Thomson, is also likely to be heavily involved.

About seven or eight companies from each country are likely to reply to the tenders, and the Paris and Bonn governments will probably ask more than one industrial "couple" to provide the equipment.

The other main part of the agreement covers the opening by France of about one tenth of its annual market for telephone handsets. A total of about 200,000 units in future are to be ordered from German industry, with equivalent contracts expected to be placed by Bonn with the French.

M Laurent Fabius, the French Industry Minister, has been a strong proponent in recent weeks of the opening up on a reciprocal basis of

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Australian shares hit record high as economy recovers

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE AUSTRALIAN stock market touched a record high yesterday as evidence mounted that the economy is fast escaping from recession.

A survey published yesterday by the Australia and New Zealand Banking Group (ANZ) said company profits were likely to improve in the second half of 1983-84, boosted by lower interest rates, reduced corporate debt, a significant slowing in the growth of wage costs and expectations of lower inflation.

The Labor Government of Prime Minister Bob Hawke has enjoyed a spate of good news in recent days, capped by further hectic trading on Australian stock exchanges.

The All-Ordinaries Index – main barometer of market health – achieved a high of 749.5 in early trading yesterday, 3.2 points ahead of the previous record set in November 1980. It was lower at the close, at 745.4, but brokers reported strong foreign and domestic buying by the surge in the price of gold. Yesterday, the Australian resource, metal and minerals indices all closed higher.

The markets have been cheered by e strong recovery in industrial production. Figures from the Bureau of Statistics show that factory production in 21 major categories rose in the three months to October. Seasonally adjusted, steel production rose 9 per cent, cement production 9.9 per cent and bricks 4.5 per cent.

Last month, raw steel production at Broken Hill Proprietary (BHP), Australia's biggest company, was 511,000 tonnes, 39 per cent higher than a year ago. Production over the first five months of BHP's 1983-84 financial year was equivalent to an annual rate of 5.98m tonnes, close to capacity. Oil production in the same five months totalled 28.9m barrels, compared with 24.9m in the same period last year. Brokers are tipping a doubling in BHP's net profit this year, to about A$500m ($457m).

The Government was expecting further sharp declines in private fixed investment in 1983-84. But the Bureau of Statistics' latest survey, released this week, indicates that the December 1983 quarter will be the first since the December quarter of 1981 not to show a fall in investment spending.

Capital inflows remain strong, with Australia's gold and foreign exchange reserves last month rising by A$452m to a record A$12bn.

There has also been as marked slowing in the pace of wages growth, with average weekly earnings for all employees rising by 5.5 per cent in the year to September, compared with 9.8 per cent in the 12 months to last March and 15.7 per cent in the year to September 1982.

After four years of drought, a farm recovery is already under way with a record wheat harvest in prospect. A 30 per cent increase in the value of gross rural output, to A$14.7bn, is predicted.

The ANZ cautioned yesterday that, with about 15 per cent of Australian gross domestic product directly reliant on export income, "short and long-term policies must remain directed at reducing inflation and producing more efficient resource allocation."

The bank added: "With wage fixation now directly related to consumer price index movements, it is vital that public sector and other pressures on prices are minimised."

Share markets report, Page 21

EEC to delay steel price support plan

BY PAUL CHEESERIGHT IN BRUSSELS

INDUSTRY MINISTERS of the European Community yesterday drew back from endorsing a system of steel price controls because of legal difficulties and lack of knowledge of how enforcement measures would work.

The controls had been devised by the European Commission as a means of strengthening the market so that producers would have more cash to streamline their operations. The Commission wanted the scheme to be introduced tomorrow.

The ministers acted decisively, however, to retaliate against the U.S. from January 15 for the Reagan Administration's imposition of higher tariffs and quotas on special steels unless a compensation agreement can be reached before then.

Increased tariffs would be placed on U.S. chemical products, plastics and sporting goods entering the EEC.

The ministers also agreed that the Commission should start negotiations with 15 steel exporting countries to keep their 1984 EEC sales at 12.5 per cent less than their 1980 level. This is unchanged from this year's import quota and represents about 10 per cent of the EEC market.

Another attempt to agree on new measures to stabilise the EEC steel market, where sharp price discounting has been taking place, will be made by the industry ministers on December 14, in the hope that prices controls will be introduced on January 1.

They accept the need for new crisis measures to supplement the existing system of steel production quotas.

This new date effectively removes steel from the agenda of the Athens summit, which finishes eight days earlier. West Germany, the largest EEC steel producer, has threatened in the past to raise its dissatisfaction with subsidised steel sales by other countries at the summit.

But yesterday West Germany again made clear that unless there were moves to stop distortions in the EEC steel trade caused by the use of operating subsidies, then there was no possibility of German movement on other EEC policies which might cost money.

West Germany was lukewarm about the introduction of minimum price controls for steel, seeing them

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Polishing the EEC's tarnished image, Page 3

Bremen shipyard merger in doubt

BY JONATHAN CARR IN FRANKFURT

THE long-discussed merger between three major West German shipbuilding companies in the Bremen area faces collapse, with local officials blaming Bonn for the breakdown.

The Mayor of Bremen, Herr Hans Koschnick, said bluntly yesterday that the merger was now out of the question because the federal Government would not put up the necessary aid.

Herr Norbert Henke, executive chairman of Bremer Vulkan, one of the companies involved in the proposed merger, indicated, however, that there might still be a slim chance.

He said the companies wanted quickly to make a new, unspecified proposal to their shareholders and to the local Bremen government. If that effort came to nothing then Bremer Vulkan would have to go it alone.

Under the merger scheme, announced in the summer, AG Weser would shed almost all its new shipbuilding operations and merge with the Bremer Vulkan and Hapag-Lloyd yards.

The merger was likely to cost up to 2,000 jobs. But all three companies felt it offered the only hope of keeping a viable shipbuilding enterprise in the Bremen region, which has one of the country's highest unemployment rates.

State-owned auditors, Treuarbeit, examined the merger plan and gave it the go-ahead, but the scheme now seems close to foundering over finance.

The cost of the merger was put at around DM 230m ($85m) of which the shareholders (who include Fried. Krupp and the Dutch concern Thyssen-Bornemisza) were expected to put up half. The rest, it was hoped, would come from the federal and Bremen city-state governments.

Cabbage Patch Kids come to the aid of Coleco

By Paul Taylor in New York

THEY ARE UGLY, expensive and in short supply. But despite these bandicaps, Cabbage Patch Kids dolls look like becoming the hottest consumer product this christmas – and a big winner for Coleco, the U.S. toy manufacturer.

Toy shops and stores are reporting near riot conditions as parents stamped in the rush to hand over up to $50 a time – more than twice the list price of between $20-$25 for the 18-inch squashy plastic dolls, no two of which are identical.

The more bizarre "panic buying" reports include:

● In Wilkes-Barre, Pennsylvania, a woman's leg was broken when 1,000 people, some of whom had been waiting for eight hours, stormed a department store to snatch up the few Cabbage Patch Kids dolls available.

● At Charleston, West Virginia, 5,000 shoppers are reported to have started a near riot overturning tables, fighting and forcing the store manager to arm himself with n baseball bat, in their frenzy to grab one of the 120 dolls on sale there.

Some stores have even placed advertisments in local papers offering to buy the dolls for up to $40 n piece in order to resell them at $50.

But what no one appears able to explain is the success of the product. The doll, made in Hong Kong for Coleco, the U.S. toy and electronic games company, is basically quite ordinary.

Coleco believes the dolls' appeal lies in their "homely and huggable" appearance. Child psychologists agree that the doll's imperfect features make it easier for children to associate with the dolls.

Coleco bought the licence for the product, originally produced in a $125 hand-made cloth version, from a small Cleveland-based company housed in an old medical clinic.

Since the start of this year Coleco has been turning out the cheaper plastic version in ever-increasing numbers, currently running at around 200,000 a week, but is "still unable to keep up with demand."

Coleco, which needs a boost following problems with its recently introduced Adam home computer system, says the product met with "initial strong demand", but adds "no one in their wildest dreams expected this."

The company, which earlier this year was estimating Cabbage Patch Kids dolls revenues in 1983 of $20m, now believes it will ship a record 2.5m Cabbage Patch dolls this year, bringing in revenues of $50m.

CONTENTS

Lambsdorff charges are severe blow to Kohl

BY JAMES BUCHAN IN BONN

THE BONN public prosecutor's decision to press charges against Count Otto Lambsdorff, the Economics Minister, for acceptance of bribes from the Flick concern is a shattering blow to Chancellor Helmut Kohl's coalition at a time of damaging public rivalry between its two junior members.

Herr Franz-Josef Strauss, chairman of the conservative Christian Social Union (CSU) was due yesterday to meet the Chancellor in Bonn, during which he was expected to press his campaign against Count Lambsdorff's liberal Free Democrats (FDP) and what he sees as their excessive influence on government policy.

That the Bavarian Herr Strauss also seeks a post in the Kohl cabinet has long been suspected in Bonn, to the dismay of the FDP and, no doubt, of Herr Kohl.

The Chancellor has since the late 1970s based his concept of government on his friendship with Herr Hans-Dietrich Genscher, the FDP chairman and Foreign Minister, and on the FDP as a counterweight to Bavaria.

The FDP, which only just managed to cloar the 5 per cent *necessary for parliamentary* representation in tho March elections, has never concealed that it relies on high-profile ministers for its survival. Last March, it lost the Interior Ministry it had filled under the former Schmidt government to tho CSU.

Whether Count Lambsdorff, whose *sang-froid* throughout the two years of investigations and leaks has been little short of heroic, will remain in office at least six months before the court decides whether to begin proceedings, is an open question. Ho has already lost credibility in business circles and may lose his freedom to travel if proceedings open.

The FDP has nobody of tho Count's ability and experience to replace him, and it could face difficulty even retaining the ministry, which is crucial for party support among the middle class and small business, if the CSU pulls out all the stops. At the very least, Herr Kohl may have to make somo rightward concessions to his great rival, Herr Strauss.

Count Otto Lambsdorff

Until yesterday, Count Lamsdorff and the government had hoped that tho public prosecutor would find evidence only of *Vorteilsnohme*—that is, that Flick cash had been received but had not affected the conduct of office.

Somo of those investigated made great efforts to discredit the so-called "Diehl list," a record of transactions with politicians kept with Teutonic precision by Horr Rudolf Diehl, a Flick accountant who has since left the company.

But at two o'clock yesterday afternoon and a day before his 61st birthday, Dr Franzbruno Eulencamp, the Bonn public prosecutor, soberly dashed these hopes. It was a matter of payments that "could have influenced" the provision of tax breaks for Flick. As for tho Diehl lists, these were not "obscure pieces of paper" but accurately kept accounts from a man who enjoyod tho full confidence of the senior management of Flick.

The long investigations into the Flick affair, involving politicians of all Bundestag parties but the Greens, have also wrought a more subtle damage to West German political life.

For almost two years, West Germans have been able to read plausiblo excerpts from the investigations in the pages of the Hamburg newsmagazines, *Der Siegel* and *Stern*.

Many of them are bitterly frustrated that the Bundestag (*parliament*) *voted in favour of* deploying new U.S. nuclear missilos, despite all the opinion polls showing a popular majority against cruise and Pershing. Yesterday's announcement will have done nothing to strengthen their faith in parliamentary government.

Herr Otto Schily, a lawyer and leading Green deputy, said *some time* ago that the *Flick* investigation was one of the decisive factors for his party's spring into the Bundestag last March.

It could be, though Dr Eulencamp did not say as much, that both Chancellor Kohl and ex-Chancellor Helmut Schmidt could be among the 114 witnesses that the public prosecutor could call if the case, as is fairly certain, goes to court.

Craxi close to securing budget

BY JAMES BUXTON IN ROME

SIG Bettino Craxi's coalition Government, already boosted last week by favourable results in local elections, has achieved an important step towards getting its 1984 budget passed.

The senate was due yesterday to complete its approval of the budget, having passed the main legislation without amendment late last week. The budget will now pass to the Chamber of Deputies, the lower house.

Thus, there is a reasonable chance that the budget will become law by the end of the year, thanks to the introduction of an accelerated parliamentary procedure aimed at avoiding the delays which, in recent years, have seen the budget approved only at the end of the following April.

The Government should this week start considering the extra economic measures which it accepts will be necessary if the budget is to meet its original target of a public sector deficit of L90,000bn (£37.5bn).

The International Monetary Fund recently warned Italy in strong terms of the need for extra *measures* to cut the deficit by L10,000bn.

The Government can, however, take some encouragement from the fact that last month, inflation fell to its lowest annual level since January 1979. Prices rose by 13 per cent, compared with the rate a year ago, and the monthly rise was 1 per cent. However, the original target of a 13 per cent average rate for the year will not be achieved.

Next week, the Government is to hold crucial talks with unions and employers on a reduction in wage indexation.

Two of the three union confederations accept the need for a further reduction in the workings of the *scala mobile (sliding scale)* indexation system which was first cut in an agreement last January, but the Communist-orientated CGIL union is still opposed to further alteration of the scala mobile.

Fierce criticism as Italian authorities free terrorists

BY OUR ROME CORRESPONDENT

Amid fierce criticism from Press, politicians and the public, the Italian authorities yesterday released two former Left-wing terrorists, Marco Barbono and Paolo Morandini, convicted of murdering a leading journalist in Milan in 1980.

The two men, former members of groups associated with the Red Brigades, were freed on the orders of a Milan judge *who gave them suspended sentences* of just under nine years' imprisonment.

The two men benefited from a law which offered lenient sentences to terrorists who repented and helped police catch other terrorists. But with only a few exceptions, most of those who commented felt that the judge was far too genorous in freeing Barbone and Morandini, who led a gang which gunned down Sig Walter Tobagi, a journalist on Corriere della Sera, in a Milan street.

The two men are expected to be kept in hiding by the police for some time in order to protect them against any acts of revenge.

The controversial sentences on Monday night came at the end of a nine-month trial of 152 alleged terrorists, six of whom were charged with the murder of Tobagi and tha rest on other charges.

Nitze still hopeful on missiles talks

By Bridget Bloom, Defence Correspondent

DESPITE last week's forceful declaration from Moscow that a continuation of the European missile talks was *impossible*, tho chief U.S. negotiator, Mr Paul Nitze, said yesterday he was still hopeful the Russians would return to Geneva.

He said in London that he had no firm evidence of Soviet intentions to re-open negotiations. Nor could he predict when or in what forum a resumption might take place.

But he believed it was in Soviet as much as in Nato interests that the talks should continue rather than that East-West relations should deteriorate further.

Mr Nitze said he would not be surprised if Moscow suggested that the talks, designed to limit medium-range nuclear missiles in Europe, should be merged with the Start talks to reduce the strategic nuclear arsenals of the two superpowers.

A further session of these talks, lasting three hours, was held in Geneva yesterday, and afterwards Mr Viktor Karpov, the Soviet negotiator, said they would continue tomorrow, although he repeated a charge that the U.S. was *blocking agreement*.

However, Mr Nitze said he did not think the Soviet Union had decided whether to ask for a merger, and he foresaw difficulties on the U.S. side, because Moscow would want to bring in all intermediate range Western nuclear systems, including the British and French, while excluding the SS-20 missiles.

Mr Nitze said that considerable progress had been made in threo out of four of the critical areas dividing the U.S. and tho Soviet Union in the two-year-old talks.

They had come to the point *where he* believed an *agreement* could have been reached on nuclear-capable aircraft and on providing separate *regional ceilings* for Soviet missiles in Asia and Europe. In their last informal offer on November 13, it had also seemed that the Soviet Union was prepared to waive its hardline insistence on being compensated for the British and French systems.

But on the central issue of a balanced deployment of Soviet SS-20s and U.S. cruise and Pershing 2 missiles there was no agreement, and it was on this that the talks broke down, *Mr Nitze* said.

Ho added that he did not think placing a moratorium on tho future deployment of *U.S. missiles would be helpful* in negotiations.

Meanwhile, at least five European leaders have received personal letters on the negotiations signed by Mr Yuri Andropov, the Soviet leader. None has disclosed their full contents, and it is not clear if all are the same.

Reuter reports from Tokyo: The Soviet Union plans to deploy 135 SS-20 medium-range nuclear missiles in Soviet Far East bases, and has already increased the number in place to 117 from 108, according to a senior Japanese Foreign Ministry official.

Plain-clothes police on strike in Spain

By David White in Madrid

SPANISH plain-clothes police yesterday began a 24-hour strike following a period of rising friction between the senior police corps and the Socialist Interior Minister, Sr Jose Barrionuevo.

The 8,600 officers were called on by their two unions to attend to indispensable work only, such as cases of terrorism. The strike, on pay and organisational issues, was preceded by a *go-slow last Friday*.

A Madrid court gave the go-ahead for unarmed officers to hold a *demonstration in the* city centre last night, overruling an attempt by local authorities to ban it.

The *strike* was *supported* by the clandestine SUP policemen's union. Uniformed police were threatened with *suspension if they joined the* demonstration.

● Spain's constitutional court has set a deadline of December 14 for announcing its crucial verdict on the Socialist Government's handling of the controversial *Rumasa affair*.

The court decision concerning the government's decree expropriating the Rumasa banking and industrial holding empire in February was initially expected by the middle of this month.

However, the court has informed a spokesman for the Alianza Popular right-wing *opposition* party, which lodged the appeal against tho decree, that it will vote on the issue on Thursday.

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EEC doubts over ban on imports from Turkish-Cypriot state

BY JOHN WYLES IN BRUSSELS

EEC GOVERNMENTS remained *clearly hesitant yesterday* about imposing a *de facto* trade ban on imports from the Turkish half of Cyprus, despite demands from the legally-recognised Cypriot government.

After a confused lunchtime *discussion* by Community foreign ministers, it was agreed to send a European Commission delegation to Nicosia to discuss the trado problems raised by the recent unilateral declaration of independence by the island's Turkish population.

This has been roundly denounced by the Community and the Turkish-Cypriot authorities remain unrecognised by the Ten. However, the Community is reluctant to be seen embarking on a trade sanctions policy which might have wider implications for the confrontation between Greece and Turkey which constantly threatens to destabilise Nato's eastern Mediterranean flank.

The question of sanctions arises from the fact that the EEC's association agreement with Cyprus has been administered for the past 10 years so as to turn a blind eye to imports from the Turkish sector.

This was done with the tacit approval of the Cypriot government while the Community remained formally opposed to the partition.

Imports from the Turkish sector have enjoyed the preferential access accorded to Cyprus as a whole under the association agreement. They are worth about £22m of the island's total £110m exports to the EEC.

However, the Cyprus Government is now insisting that only goods it officially certifies as originating from tho island should *continue to enjoy* preferential access. Its intention is to choke off exports to the EEC from the Turkish half.

Some officials in Brussels maintain that this poses a tricky legal problem for the EEC since the agreement with Cyprus specifies that it should be administered in the interests of the island's entire population and confers trading advantages on the territory as a whole, rather than its government.

Our Nicosia Correspondent writes: Mr Mustafa Cagatay, premier of the self-proclaimed Turkish republic of Northern Cyprus, resigned yesterday to clear the way for a restructuring of the Turkish-Cypriot administration following its unilateral declaration of independence.

The coalition administration, in power since March 1982, will, however, stay in office until a fresh one emerges from the constituent assembly.

Portugal entry talks move ahead with farm plans

BY OUR BRUSSELS CORRESPONDENT

NEGOTIATIONS on Portugal's accession to the EEC passed a milestone yesterday when the Ten tablod *for* the first time general proposals for bringing Portuguese agriculture into the Common Agricultural Policy.

Discussions with Portugal have now been dragging on for five years, and the presentation on agriculture does not imply any readiness by the Ten to accelerate them. The possibility of completion, together with the parallel negotiations with Spain, depends heavily on decisions taken at the Community summit which begins in Athens on Sunday.

Sr Mario Soares, the Portuguese Prime Minister, and his Spanish counterpart, Sr Folipe onzalez, have both written to EEC heads of government asking for a commitment by the summit to bring the two candidate countries into membership from January 1, 1986.

France, however, remains hesitant about setting a date, *and Spain and Portugal may* have to be content with an undertaking to try to complete negotiations sometime next year.

The agricultural proposals to Portugal recognise both the backward state of Portuguese farming and the Ten's reluctance to impose early and additional burdens on tho CAP. Thus the EEC's suggesting a 10-year transition period covering 85 per cent of Portuguese production before full integration into the CAP.

Nordic ministers cool on stock market proposals

BY KEVIN DONE, NORDIC EDITOR, IN STOCKHOLM

NORDIC finance ministers have reacted coolly to proposals for a common stock market in the region on the grounds that the *rules of the Organisation for* Economic Co-operation and Development (OECD) prevents such a move.

Prime ministers from the five Nordic countries are meeting in Stockholm today to discuss the development of the region's economy, including *moves* to make the Nordic region more of a "home market" for industry in the five member countries, Sweden, Norway, Denmark, Finland and Iceland.

Conservative parties in the region as well as tho Nordic federations of industry have backed a plan for a common stock market as part of this development, but the finance ministers' objections mean that littlo progress is likely to be made.

In a note to the Nordic Council, the *finance ministers* say that tho OECD's strict rules on capital movements would effectively block moves to a common Nordic share market. OECD regulations do not allow discrimination in favour of particular individual members they say.

The original proposals for a common share market suggested that citizens in one Nordic country should be free to buy and own shares in another. The plan proposed that taxation of share dealing should be harmonised in tha region and that the barriers to free capital movement should gradually be removed.

EUROPEAN NEWS

Under the missile spotlight, Berliners draw together

BY ANTHONY ROBINSON, RECENTLY IN BERLIN

BERLIN the divided city, the "PX surrounded by Russians of Bob Hope's immortal one-liner, used to be the weathervane of the East-West climate. But not any more.

As Pershing 2 missile crates arrive at West German airfields and Soviet negotiators retreated in high dudgeon, Berlin is bracing itself in the words of a city politician for "a touch of night frost." The city does not however fear a "new ice age," promised by Herr Erich Honecker, the East German leader.

The basis for this optimism lies in the fact that whatever the debate over detente, Berlin and both Germanys have benefited greatly from it.

The four power agreement signed in September 1971, just ten years after the construction of the Berlin wall, did not end the division of the city. But by the time it was ratified nine months later, a whole series of agreements covering free traffic between West Berlin and the Federal Republic, links between East and West Berlin, an end to trade discrimination and other detailed issues had codified the status and position of Berlin. Broader treaties normalising West Germany's relations with the Soviet Union, Poland and East Germany buttressed the agreement.

The package of treaties represented the high point of detente diplomacy in Europe. It is a token of its value to both sides thet, so far et least, there is no sign that Soviet displeasure at the outcome of the intermediate nuclear force (INF) talks in Geneva and the beginning of Pershing 2 deployment in West Germsny will spill over into the kind of tactics suffered by Berlin in the 20 years after the Second World War.

There are good economic and political reasons why neither the Soviet Union nor East Germany is likely to put pressure on Berlin. Despite the setback over the missiles, West Germany is, and will probably remain, the Soviet Union's main source of capital and technology in the West. Bad Soviet relations with Washington demand prudence at least in handling relations with Western Europe.

The same erguments are even more valid for East Germany, which is finding it hard to make the technological shift to the new electronics-based industries, and faces a worrisome bunching of hard currency debt repayments over the next two years which will require tha sympathetic ear of West German bankers.

Little things underline the economic strain of maintaining e divided Germany, a strain borne most heavily by the Eastern half which has the poorest soil, enjoyed the lowest level of industrialisation before the war and then suffered 18 years of human haemorrhage before the Berlin wall was built.

The dirty cream and green carriages of the East German railways still bearing the emblem of Hitler's Third Reich for complicated legal reasons, carry sockets for four light bulbs in each compartment.

But only one socket contains a bulb, a gesture to an economy drive which makes it impossible to read in the train. When the outer Berlin suburbs finally come into sight, after two hours of rattling across huge, flet, state-farm fields, night suddenly turns into dey as powerful lights on huge poles illuminate the electrified barbed wire.

It is much the same in East Berlin, the former elegant heart of the capital. No expense is spared to floodlight the Soviet-built television tower, the surrounding Alexanderplatz and beyond.

But seen from the top of the Springer building, built in West Berlin by publisher Axel Springer to tower above the wall which snakes beside it, the area of light is surrounded by e much greater area of semi-darkness—the suburbs of half-lit economy-drive East Berlin.

It is here. that millions of East Germans switch on West German television or radio every night to learn the news. In recent weeks they have watched West German peace marches, the disavowal by the Social Democrats of their original support for Nato's two-track decision and the Bundestag's final approval of Pershing 2 deployment.

East Germans, as the best informed inhabitants of the Soviet bloc, are well able to compare the vocal peace movement and fraught parliamentary debates on the missle question in the West with the recent bald statement by Herr Honecker and Mr Gustav Husak, the Czechoslovak leader, that new Soviet nuclear missiles were to be stationed on their soil too.

Soviet forces have been armed with nuclear weapons for decades. What is new is that the presence of nuclear weapons on East German territory has now been made public knowledge in the context of their modernisation with more accurate and long-range missiles.

West German diplomats in East Berlin belive that by now most of the inhabitants of East Germany have made their peace many have made their peace with the regime. But it is doubtful whether this extends to any widespread enthusiasm for supporting wider Soviet foreign policy initiatives, even though East German military and civilian advisers and economic assistance are used to back up Soviet efforts, particularly in Africa. In the case of support for new missile deployment, the East German Government itself eppears to recognise that it is stepping on thin ice.

In an otherwise bleak international scene, the confidence felt on both sides that inter-German relations and Berlin itself will survive relatively unscathed an indefinite hiatus in the INF talks is reassuring. In the longer run the two Germanys are showing, in different ways, signs of disenchantment with their respective super-powers leading to a subtle shift closer towards each other.

Life in the shadow of the wall.

Heads of government try to polish up the EEC's tarnished image

John Wyles in Brussels writes the second of three articles on EEC problems

WHEN the EEC summit in Athens draws to a close next Tuesday, heads of government will want to top off negotiations on Community reform with e declaration which will persuade electors in next June's Euro-elections that new policies have been adopted.

All governments think that egreement on new policies would dress up with a bit of seasonal tinsel an EEC which needs a better image. Over the last three months during the special council meetings of Foreign and Finance Ministers, the Ten have been trying to work out what sort of Community they want over the next decade.

Some governments, such as France and the UK, emphasise the need for action across a broad front—from a common research and development programme to opening up public markets for high technology prodncts. Others, such as the Netherlands, want to breathe life into long neglected sectors such as transport.

All have been trying to ensure a favourable mention in the Athens document for their pet projects—the UK, for example, is having to fight all the way to get the summit to back progress towards freedom of services, particularly insurance.

When last June's Stuttgart summit decided that the task at Athens should be nothing less than the relaunch of the European Community, France and the Benelux countries felt that a special effort was needed on new policies.

This was partly because the Community response to industrial and technological regeneration has been so minimal. With the European Parliament elections looming, politicians are increasingly aware of the need to make it more relevant to ordinary people. In addition, there was e fear that unless the new policies were part of the reform plans the British and West German "eccountancy" approech to inject financial discipline into the Community, would predominate.

The new policies are very much the curate's egg, only good in parts. Some officials regard them as little more than pious platitudes, offering only the vaguest signposts for the future.

But as one West German diplomat observed: "The proposals have the one great virtue of being cheap.

The new policies will probably cover four areas: research and development, industrial co-operation, monetary matters and other, more traditional palicies.

On research and development, Ministers heve not yet been able to agree on whether to promise to double spending, which would cost around £2.2bo between 1984 and 1987 or merely to increase it. They will probably opt for the latter.

The summit will focus on three areas: information technology, telecommunications and biotechnologies. Tha heads of government will give this their blessing and call for a progress report to be submitted to their summit next June. Although much of the emphasis will be on the need for Europe to close its technology gap with the U.S. and Jepan by its own efforts, the summit looks likely to welcome participation by foreign companies.

This will ceuse some French grimaces although Paris will draw rather more comfort from the summit's almost certain endorsement of its ideas for a more flexible approacb to EEC co-operation in industry and research.

The summit will reflect the general enthusiasm for promoting mucb closer co-operation between EEC high technology companies, although it will give few clues about how this will be achieved.

Because of a lack of ambition within the Community for the European Monetary System, tbe summit will not call for British participation, nor will it commit itself to further developing the EMS. Rather, its support for the growing private use of the European Currency Unit may well be affirmed, as may be its interest in freeing movements of long-term capital in the Community.

The final part of the new policies document deals with traditional metters. On transport, the summit may do little more than pledge an increase in the lorry quotas which limit the number of vehicles from one member state passing through another. On the environment there is a general desire for legislation which would remove lead from petrol by January 1 1990.

None of this is the stuff of which political dreams are made. But sobered by the recession and steeled by recent election experiences, the heads of government may share the view thet what they do not promise, they cannot fail to deliver.

E. Germany seeks Bonn credit

BY LESLIE COLITT IN BERLIN

EAST GERMANY may today sound out West Germany on the possibility of a loan for large-scale purchases next year from ailing West German steel companies.

East German representatives raised the question of a loan informally at a recent meeting with the Agency for Industry and Trade in West Berlin which supervises intra-German trade.

Dr Franz Rosch, head of the agency, will today meet an East German Foreign Trade Ministry official.

East Germany is understood to be interested in a one-year supplier credit from West German banks for steel deliveries. The credit would have to be guaranteed by Treuarbeit, the West German credit insurance agency for loans to East Germany.

East Germany avoids using hard currency in its trade with West Germany which is conducted on a clearing basis in units equivalent to the D-Mark.

In order to give such a guarantee, however, the Boun Government would almost certainly want East Germany to fulfil the political terms it has laid down for fresh credits. In June, West German banks lent East Germany DM 1bn guaranteed by the Bonn Government, which has since said it will insist on improved contacts between East and West Germans before guaranteeing another loan.

West German economics officials say the East German approach for a possible supplier credit was for a sum of money "well under" the DM 1bn sum reported this week in West German newspapers.

East Germany is thought to owe Western banks approximately $8bn this year and next out of a total debt estimated at some $11.5bn to $13bn.

BASE LENDING RATES

A.B.N. Bank	9 %	Heritable & Gen. Trust	9 %
Allied Irish Bank	9 %	■ Hill-Samuel	§ 9 %
Amro Bank	9 %	C. Hoare & Co.	† 9 %
Henry Ansbacher	9 %	Hongkong & Shanghai	9 %
Arbuthnot Latham	9 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	9 %	Knowsley & Co. Ltd.	9½%
Associates Cap. Corp.	9½%	Lloyds Bank	9 %
Banco de Bilbao	9 %	Mallinhall Limited	9 %
Bank Hapoalim BM	9 %	Edward Manson & Co.	10 %
BCCI	9 %	Meghraj and Sons Ltd.	9 %
Bank of Ireland	9 %	Midland Bank	9 %
Bank Leumi (UK) plc	9 %	■ Morgan Grenfell	9 %
Bank of Cyprus	9 %	National Bk. of Kuwait	9 %
Bank of Scotland	Ω9 %	National Girobank	9 %
Banque Belge Ltd.	9 %	National Westminster	9 %
Banque du Rhone	10 %	Norwich Gen. Tst.	9 %
Barclays Bank	9 %	R. Raphael & Sons	9 %
Beneficial Trust Ltd.	10 %	P. S. Refson & Co.	9 %
Bremar Holdings Ltd.	9 %	Roxburghe Guarantee	9½%
Brit. Bank of Mid. East	9 %	Royal Trust Co. Canada	9 %
■ Brown Shipley	9 %	Standard Chartered	‖ 9 %
CL Bank Nederland	9 %	Trade Dev. Bank	9 %
Canada Perm't Trust	10 %	TCB	9 %
Castle Court Trust Ltd.	9½%	Trustee Savings Bank	9 %
Cayzer Ltd.	9 %	United Bank of Kuwait	9 %
Cedar Holdings	9 %	United Mizrahi Bank	9 %
■ Charterhouse Japhet	9 %	Volkskas Intnl. Ltd.	9 %
Choulartons	10½%	Westpac Banking Corp.	9 %
Citibank Savings	¶10½%	Whiteaway Laidlaw	9½%
Clydesdale Bank	9 %	Williams & Glyn's	9 %
C. E. Coates	9½%	Wintrust Secs. Ltd.	9 %
Comm. Bk. of N. East	9 %	Yorkshire Bank	9 %
Consolidated Credits	9 %		
Co-operative Bank	* 9 %		
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank	‡ 9 %		
■ Guinness Mahon	9 %		
■ Hambros Bank	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%. 1-month 5.75%. Short-term £8,000/12 months 8.1%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 6½%.
¶ Mortgage base rate.
Ω Money Market Cheque Account—8.75%. Effective annual rate — 9.11%.

Accord signed on Polish repayments

By Christopher Bobinski in Warsaw

THE Soviet Union has recognised Poland's failure to keep up with payments on a $1bn hard currency loan raised in 1981, and, in an accord signed in Warsaw yesterday, agreed to rescheduled capital and some interest payments until after 1985.

At the same time, Poland's Foreign Trade Ministry has produced figures on next year's hard currency trade prospects which, by implication, challenge government estimates.

With the terms of trade favouring the Soviet Union, the value of mutual trade next year is to go up by 5 per cent, while Polish exports in 1984 are to rise by 9 per cent, still leaving a Polish deficit of R500m (£434m).

This compares with this year's expected R600m deficit.

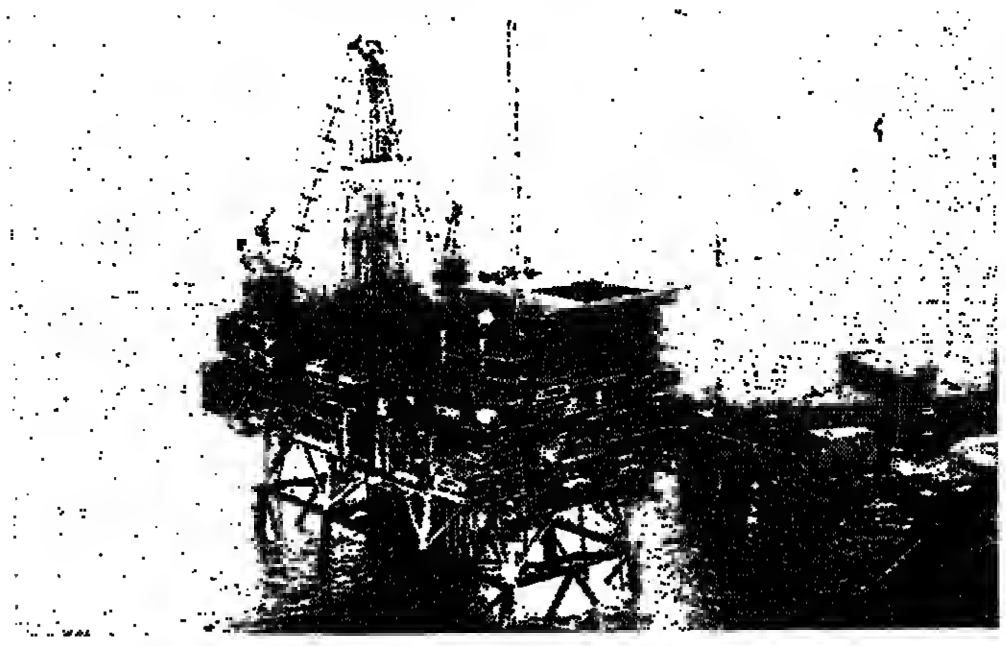
TECHNOLOGY

EDITED BY ALAN CANE

SHELL ESSO CONSORTIUM MOVES NORTH SEA GAS

How to protect the pipeline that carries gas

BY MARK MEREDITH, SCOTTISH CORRESPONDENT



Gas from eight North Sea oil fields, will come ashore at St Fergus

MOVING HEAVY gases around the countryside by pipeline has presented special safety and technical prohlems for oil companies.

An elaborate monitoring and safety control system has been huilt into the newly completed 138 mile pipe from St Fergus, north of Aberdeen to Mossmorran in Fife.

The pipeline forms part of a £1.5bn project of the Shell Esso offsbore consortium to hring in the associated gas from the North Sea, and separate it for commercial use.

Gas from eight North Sea fields comes ashore at St Fergus where the methane is separated and fed to the neighbouring British Gas terminal for injection into the national grid.

This leaves ethane, propane, butane and natural gasoline to be sent on to the hig Mossmorran gas separation plant in Fife which is dnc to he commissioned next year.

Propane and hntane and gasoline are heavier than air and could pose a real danger as they do not dissipate as easily as the methane or natural gas used for demestic beating, and cooking.

This will be the first pipeline in the UK and possibly the first outside the United States to carry these heavier than air gases and Shell, which is the operator of the plant, has taken extra safety measures to comply with requirements laid down hy the Department of Energy.

These include burying the pipe four feet instead of the three feet used for other pipelines.

Extra thickness lengths of 20-in pipe is used where the line comes near areas of populatiou on its way south and the line is huried in concrete bedding where it passes under roadways or could he vulnerabla to earthmoving equipment.

Each of tha 14,000 lengths of pipe bave also been logged and the welds ra'iographed for a complete picture of the history and sourca for each part of the line.

According to Mr Ken Pullin the director of the Natural Gas Liquids Pipeline project, three monitoring systems have heen installed to alert the control terminal at St Fergus at the north end cf the line to any leak for a possihla isolation sbutdown of the system "within minutes."

The key to the monitoring system will he an an acoustic monitoring system based on the 21 block valves which have been installed at eight-mile intervals along the line.

The system can pick up the sound shockwaves created by a gas escape. By gauging the difference in which the sound takes to reach the block valve terminal on either side, the exact location of the leak can be determined.

The system, devised by the Spektratech Company, based near York, will complement two other monitoring systems.

One is a mass halance register comparing what goes in with what comes out. About 2.14m tonnes of gases will flow through the line each year.

The other system is a pressure and flow monitoring which will pick up any loss in the pressure of 1,000 lb per square inch which the gas is fed in at the St Fergus end.

Currently the software system is being worked out to combine the findings of the three monitors into the pipeline control panel at St Fergus.

Mr Pullin said the effect of isolating a length of pipe quickly would mean that the extent of the leakage could be limited to roughly the contents of the faulty or broken length of pipe—about 2,000 cubic metres of gases.

SERC'S BIOTECHNOLOGY CHIEF DEFINES INDUSTRY STRATEGY

UK club in gene research

BY STEPHANIE YANCHINSKI

"IN BRITAIN, we still haven't got it right. We still give more weight to the cultural side of science than to its applicatl\n."

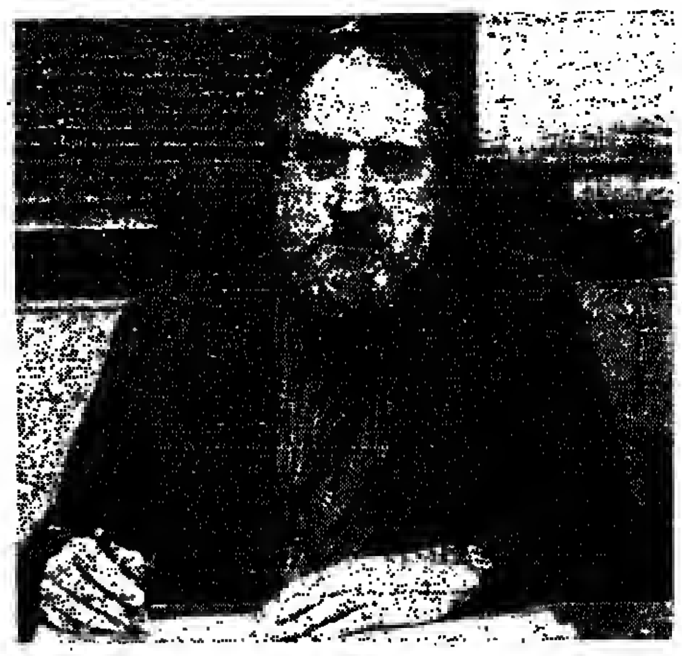
Spoken by Dr Geoffrey Potter, bead of the biotechnology programme at the Science and Engineering Research Council (SERC), these words sound a pessimistic note at a particularly crucial time, wben Britain must husband its resources against competition world-wide. Potter thinks that now more than ever, as the first prodncts of hiotechnology roll onto tha market, Britain's position in this fast-moving field depends on the quality of its research, and its attractiveness to industry. With a key role in directing academic research in hiotechnology, Dr Potter agrees that he's the "man in the hot seat."

When SERC's Biotechnology Directorate was first set up by Dr Potter two and a-half years ago the Spinks report, prepared by a top-level advisory group, had just been published. The report particularly recommended that the British Government develop a "coherent" research strategy focusing on drawing industry, universities and government research organisations more closely together in a co-ordinated effort.

> Because of its multidisciplinary nature, and uncertain economic future, the underpinning needs in biotechnology research are difficult to gauge.

Today, under Dr Potter's guidance, the SERC has led the other research councils in galvanising companies to take a more active interest in what is being done in British universities, and to participate in a variety of collaborative research programmes.

For example, the Co-operative Grants Scheme, where industry and the SERC jointly sponsor projects, has grown from three in number to 17 in hiotechnology with firms contributing a total of £1.7m. There are now even the beginnings of a national strategy for supporting biotechnology R&D, which Dr Potter, along with Dr Ronald Colman, head of the Department of Industry's Laboratory of the Government Chemist, has strongly influenced.



Dr Geoffrey Potter, formerly head of SERC's Engineering Division, now head of the new biotechnology directorate, talks about Britain's strategy.

Dr Potter ruefully points out that he is a rare bird in the research councils, possessing, as he does, both a scientific background and industrial experience.

"We need more people like this," he says, and it is probably true that this dual personality accounts for his success in attracting academics and industrialists to one day "round tahle" sessions to help set future targets for joint research. Dr Potter combines solid training as an organic chemist at London University with ten years' experience at Shell UK Ltd. "Doomed to success with Shell," bowever, Dr Potter abruptly changed stream in the mid 1960s, when, be says, "a lot of peopla were questioning their role in society."

At the Science Research Council, as it was then called, he pursued an almost messianic mission to encourage the SRC to "identify national needs," by paying closer attention to industry. Head of the engineering board, he was ona of those instrumental in the introduction of a more selective policy in funding research hased more on commercial priorities.

Dr Potter played a leading role in the formation of "directorates" with the responsibility for channelling a sizeable proportion of the SERC's £220m bndget into rapidly emerging technologies. So a Polymer Engineering Directorate was followed by Marine Technology and Teaching Company Directorates. "Until then," he says, "We'd respond passively to unsolicited research proposals. I always felt it was wrong to assume university sector alone reflected national needs in their research."

Because of its multidisciplinary nature, and uncertain economic future, the underpinning needs in biotechnology research are particularly difficult to gauge. But after close consultation with industry and academics Potter nevertheless followed his own advice, and rapidly established seven priority programmes, which will claim most of his £3.5m budget. These range from broad areas of basic research in plant genetics and biocatalysis, which he thinks are weak in Britain, to biosensors and protein engineering, in which British research is strong.

Last year saw the launch of a unique centre for biotechnology research, the Leicester Biocentre. Five companies joined the SERC and the Wolfson Foundation to support biotechnology at Leicester University. Dr Potter thinks if the Leicester model is followed up elsewhere in Britain it may encouraga scientists here not to seek their fortunes overseas.

However, Potter warns that all of his efforts will be for nothing if industry does not start actively exploiting the developments coming out of academic institutions. "Otherwise," he says, "by publishing papers where anyone can get first bite we will just be helping the Americans and the Japanese."

> However, Potter warns that all of his efforts will be for nothing if industry does not start exploiting the developments coming out of academic institutions.

The latest development in Dr Potter's scheme to bring academia and industry together is a "club" to finance research in protein engineering. A gronp of companies which included ICI, Glaxo, Unilever and Shell among others last week agreed to financially support his proposed programma which will look at the detailed structure of industrially important proteins such as enzymes. Eventually, with better knowledge of how these proteins work "we can think about using genetic engineering to improve them," Dr Potter says.

Transport

Cutting fuel costs

AN ISRAELI bus demonstrates that energy which is stored up in a new flywheel-transmission can cut the heavy vehicle's fuel costs by up to a quarter.

The computer-controlled transmission redirects energy from the driving wheels to a flywheel when the bus is slowing or coming to a halt, where it is stored. It is then tapped when the driver next accelerates, relieving strain off the engine by feeding energy back into the transmission.

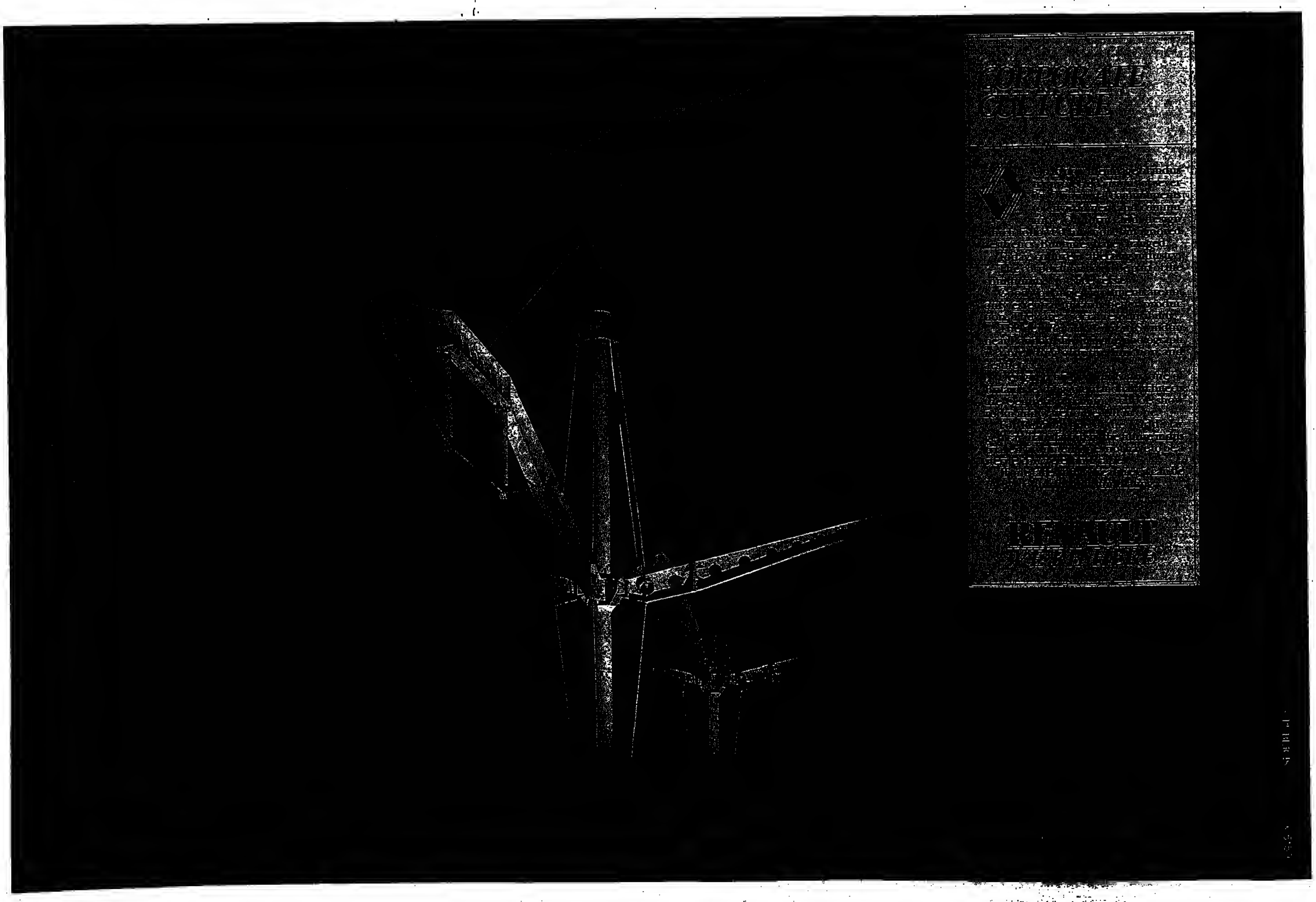
Industries Development Corporation, which developed this flywheel-transmission system claims that it is best used in heavy vehicles or in stationery machines. Here excess energy can be held and then used to restart the motion of a heavy load, in the bus or in dumping or mining machinery, for example.

A prototype of this system has already been tested hy one of the major U.S. vehicle producers which holds a non-exclusive licence to employ it. Preliminary trials on this first bus are due to be completed within a year.

Industries Development claim that a 40 per cent increase in the miles per gallon of this first and only prototype has been translated into a 25 per cent fuel saving in urban driving, where tha kind of stop/start driving which it works best is common.

A mark 2 version of the system is heing developed especially for buses. Eight more systems will be built next year to perform further efficiency tests, but these trials are not due to be completed until 1985.

The Jerusalem-based company is also negotiating several more non-exclusive licences for use of its flywheel-transmission. Industries Development is also prepared to licence the technology for manufacture, and can be contacted at PO Box 4038, Jerusalem. Telephone Israel 02-664975.



Dutch shipyard is awarded Fl 450m of new orders

BY WALTER ELLIS IN AMSTERDAM

AN AMSTERDAM shipyard said yesterday it had won orders worth Fl 450m ($147m) to supply an Irish-registered company with four new-generation ocean-going vessels. The company, Bonna Trading Ireland, is said to have pledged further orders which could be worth billions of dollars and be stretched over 20 years.

Mr Henk Ketting, managing director of NSM, which employs 2,500, said yesterday that he has signed the contract with Mr Ronald Goslitski, the head of BTI. BTI maintains mailing addresses in Amsterdam and London.

While Mr Goslitski is little known in the shipping industry, Mr Ketting said he was confident work would begin once down payments are made by the end of January. It is understood a promissory note of Fl 90m has been delivered to NSM.

Mr Ketting acknowledged that the orders were controversial, particularly in view of Mr Goslitski's indication of many years of follow-up business potentially worth," he said, indicating that if such business materialised it would be stretched out over 20 years, provide the yard with valuable work and make it the lead contractor in work to be subcontracted to other companies in Europe.

The initial order is for three Dutch-designed ocean-going roll-on, roll-off container barges and an ocean-going "pusher" tug. The design for the vessels is based on barges and pushers used on Dutch and German waterways. It was unclear how Mr Goslitski planned to use the vessels, but follow up orders would be dependent on his initial success in the cargo-shipping business.

Mr Ketting said he had been negotiating with BTI since last May. Because of the shipbuilding programme's novelty and controversy, he had consulted the Dutch shipbuilding federation. The federation recommended the order be accepted but no work carried out until money had been paid.

Airlines try to unblock South American earnings

BY OUR AEROSPACE CORRESPONDENT

AIRLINES serving Central and South America are to meet in Rio de Janeiro later this week to try to find ways of solving the problem of their "blocked earnings" in the region, estimated to amount to about $50m a year.

The problem arises from the fact that, in many countries, airlines are not allowed to repatriate their legitimate earnings, with the result that they lose money, for an almost indefinite period.

The International Air Transport Association (Iata), representing over 120 of the world's airlines, is deeply concerned about the blocked earnings.

At the recent annual meeting of the Iata in New Delhi, it was estimated that upwards of $800m of legitimate airline earnings world-wide was blocked in this way.

Many of the countries involved in the blocked earnings problem are in the Third World, where foreign exchange is scarce. The figure fluctuates sharply, for as fast as some countries release the cash to the airlines, others impound it.

In Latin America, there has been a deterioration in the situation since August. It is because of this that the airlines, through the Iata, are seeking to convince government authorities that it is in their long-term interests to ensure that the airlines do not lose cash on operations to their countries in this way.

Japan's VTR exports reach a record

TOKYO—Japan's October exports of video tape recorders (VTR) marked another record monthly high of 1.660m units, the Electronics Industries Association of Japan announced yesterday.

October's exports exceeded the previous record of 1.427m units set in September this year.

Exports of VTRs in October jumped 59.8 per cent from a year earlier, or up 12.7 per cent compared to the previous month. The gains were due to increased shipments to most of Japan's major markets, but particularly to the U.S., the largest market for VTRs.

VTRs shipped to the U.S., which accounted for 34.6 per cent of all video units sent abroad in October, came to 559,219 units, up 128.9 per cent from a year earlier.

VTR exports to the European Community rose 8.7 per cent from a year earlier to 3.688m units, recovering from an 18.6 per cent decline in September. Exports to the EEC accounted for 30.7 per cent of all VTR exports.

After the U.S., Birtain and West Germany were the next two nations having the largest markets for Japan's video units. VTR exports to Britain were 1.787m units, unchanged from a year earlier, while those to West Germany rose 63.3 per cent to 1.402m units.

On a year-on-year percentage basis, shipments to Spain, Australia, Canada, Singapore, South Africa, and Switzerland showed significant gains. In particular, exports to Spain jumped 315.5 per cent to 405,100 units. However, shipments to France dropped 62.5 perc ent to 154,452 units.

AP-DJ

Phillips signs oil exploration deal with China

THE CHINA National Offshore Oil Corporation (CNOOC) has signed a contract with Phillips Petroleum International of Asia and Pecten Orient for oil exploration and production in the South China Sea, Reuter reports from Peking.

Pecten is an affiliate of Shell Oil of the U.S.

The contract concerns an area in the Pearl River mouth basin covering 2,835 sq km.

CNOOC said geophysical surveys showed good hydrocarbon generation and entrapping conditions.

The operator will be Phillips Petroleum International, a subsidiary of Phillips Petroleum.

China also hopes to begin offshore oil output by the late 1980s or early 1990s, Vice-Premier Li Peng said. Li said that although China has just begun working on its economic laws, its contracts with foreign companies are legally valid. China's "open" policy towards the rest of the world will not change, he said.

● Britoil is now benefiting from its collaboration with Amerada Hess with its first production from the U.S. It also expects output in Dubai to start generating income in 1984 rather than 1985 as previously forecast, Richard Johns writes.

The first well drilled by the American company as part of a joint exploration programme is on stream and the second is about to be producing in the near future from the Blue Buttes field in North Dakota.

At the same time it has completed a farm-in agreement with Amerada Hess giving it shares of 15 per cent and 10 per cent in two tracts in Lousiana and Texas obtained by its partner in the two U.S. lease auctions held in May and August.

In Dubai, output of condensate, or ultra-light oil, should begin before the end of next year at a rate of 20,000 barrels a day from the concession covering 75 per cent of the emirate's territory where it has a one-third interest. The balance is held by Atlantic Richfield, the operator.

Britain tries to sell more coal to Sweden

By Maurice Samuelson

BRITAIN IS trying to step up sales of coal to Sweden, which aims to cut its energy bill by 30 per cent over the next seven years by replacement of imported oil.

The campaign was launched yesterday in the Swedish industrial city of Soedertaelje, organised by the National Coal Board and UK appliance manufacturers.

Last year, Britain supplied only 110,000 tonnes of the 2.8m tonnes of coal imported by Sweden, most of it from the U.S., Soviet Union, Poland and Canada, whose prices are lower than Britain's.

Most of this imported coal is for power stations, although more than 90 per cent of Sweden's electricity is generated by hydro power and nuclear plants.

France reduces current deficit

BY PAUL BETTS IN PARIS

FRANCE virtually eliminated its deficit on the current account of its balance of payments in the third quarter of this year, reflecting the sizeable reduction in the country's trade deficit so far this year.

Figures published by the Finance Ministry last night showed a current account deficit of only FFr 300m ($38.3m) in the third quarter. The deficits have been declining progressively, from FFr 31.5bn in the first quarter and FFr 2.5bn in the second quarter.

On a seasonally adjusted basis, the figures show a current accounts surplus of FFr 2.4bn in the third quarter, compared with deficits of FFr 27.4bn and FFr 7.7bn in the first and second quarters, respectively.

After last year's record payments deficit of FFr 76bn, the latest results, showing a current account deficit of FFr 34.3bn for the first nine months of this year and FFr 32.6bn on a seasonally adjusted basis, are clearly a encouragement to the Socialist Government.

The latest bullish balance of payments performance, was, nevertheless, clouded yesterday by further disappointing news on the inflation front. The national statistic agency, Insee, last night revised upwards its October retail price index, from 0.7 per cent to 0.8 per cent.

This revision makes it more unlikely than ever that the Government will meet its revised target of 9 per cent for retail price inflatioo this year.

The Government had originally hoped to hold down inflation to 8 per cent this year and is still optimistically aiming for a 5 per cent rate next year.

The revision in the October price index was compounded yesterday by another record day for the U.S. dollar, which reached a record FFr 8.27 in Paris compared with FFr 8.23 on Monday and the former record of FFr 8.25 last Friday. The continuing rise in the dollar is putting further pressure on the Government's anti-inflation efforts.

The Finance Ministry also indicated last night that the Government plans to launch a FFr 12bn state bond issue in February and a FFr 25bn issue at the end of August.

The FFr 12bn to be raised next month is in line with expectations, since the Government was seeking to raise about FFr 50bn through the bond market this year. With the December issue, the Governmeot will have raised FFr 47bn through the bond market, compared with FFr 40bn last year.

The December issue is expected to be in two tranches, one carrying a 13.40 fixed interest rate and the other a floating rate.

Austria, Hungary cement new commercial links

BY LESLIE COLITT IN BERLIN

TRADITIONAL Austro-Hungarian ties are helping to cement new commercial links between the two countries. The first Hungarian-owned holel to be built in the West — in Austria — is being financed by the Hungarian National Bank.

The Bank's Austrian subsidiary, Central-Wechsel-Kredit, is building an eight-storey four-star hotel with 310 rooms in Vienna. At the same time, construction is under way of a conference centre in Budapest with a loan from the Austrian Government to promote tourism to Hungary. Austrian loans have financed a string of new hotels in Budapest and other parts of Hungary as well as Budapest Airport's new terminal.

The Hungarian-owned hotel in Vienna is being built by the Austrian subsidiary of the West German company Ed Zuhlin. The hotel is to be managed by a Hungarian company, but will employ mainly Austrians.

Last year, 200,000 Hungarians visited Austria and 30 per cent more Hungarians arrived in the first eight months of this year, than in the equivalent 1982 period.

The first joint Austro-Hungarian travel office was recently established in Budapest.

At the same time, Hungary's Ikarus Bus factory and the Automotive Research Institute in Budapest have signed an agreement with Cummins, the U.S. diesel engine manufacturer, for joint development of a new fuel-saving 10-litre horizontal diesel engine. The two sides had previous links as Ikarus buses sold in the U.S. are equipped with Cummins engines. The research institute is to design parts of the new horizontal engines jointly with Cummins while Csepel Automotive factory is to design other parts and produce prototypes of the engine using U.S. made components. Some of the engines will be road tested in Ikarus buses.

Indonesia production pact with Caltex 'no precedent'

JAKARTA—The 88 to 12 per cent production sharing split on which Indonesia reached agreement in principle with Caltex Pacific Indonesia yesterday does not set a precedent for future agreements with other producers, Dr Subroto, the Mines and Energy Minister, said.

"I can assure other contractors that this split does not apply to them. Caltex is a different case," Dr Subroto said.

Other contractors at present have production sharing agreements based on an 85-15 per cent split.

Indonesia initially demanded a split giving it more than 90 per cent of Caltex's production, which normally represents about half of Indonesia's output of 1.3m b/d, industry officials said.

Caltex was reluctant to budge off the 85-15 ratio of other contractors, they noled.

Dr Subroto said: "We have to come to an agreement which is mutually acceptable — to Indonesia which gets a higher share and to Caltex which gets an acceptable rate of return to continue further work in this country."

Industry officials said the outcome indicated to oil companies that Indonesia would adopt a flexible and common sense approach to future negotiations with them and was not about to adopt a hard line policy.

Dr Subroto said outstanding difficulties in the way of full agreement with Caltex were relatively small and would probably be sorted out with the State-owned oil company Pertamina very soon.

Caltex, a joint venture between Standard Oil of California and Texaco, made $600m (£403m) in 1982 from its Indonesian operations, the officials said.

AP-DJ

Thais to call new bids for refinery expansion

BANGKOK — The Thai Oil Refinery Company (TORC) has agreed to a Government proposal to cancel a $622m (£417m) expansion contract awarded last year to a Franco-British consortium, Mr Ob Vasuratna, the Industry Minister, said.

He told a Press conference that a Torc Board meeting voted unanimously to follow his proposal that new bids be called by the end of this year for the project.

The Torc action follows a breakdown in talks between Torc directors and Societe Generale of France and Barclays Bank International of the UK which agreed to arrange most of the financing.

The project was won in April 1982 by a consortium of Procofrance of France, a subsidiary of the U.S. based Signal Company, Technip of France and Davy International Projects of Britain. Davy has a 50 per cent in the consortium.

Torc is 49 per cent owned by the Government through the state-owned Petroleum Authority of Thailand, another 2 per cent by the private Crown Property Bureau, 15 per cent by the Royal Dutch/Shell group and the balance of other private interests.

Mr Ob said suspended financing negotiations with the French and British banks would not be resumed in spite of their approaches to do so this week.

Our World Trade Staff adds: Mr Ob said last week that the European banks had insisted that the refinery provide insurance cover against possible losses. This appears to have been prompted by concern about the oil project's profitability while prices are waning.

Torc has been looking for loans to cover the full value of the project

AMERICAN NEWS

Canada cruise test 'within charter'

THE CANADIAN Federal Court of Appeal has ruled that the Government can permit testing of the American cruise missile in Alberta without breaching the charter of rights, Nicholas Hirst writes from Toronto.

In five separate written decisions, the Appeal Court judges overturned a ruling by a lower court that a coalition of anti-nuclear groups and trade unions should be allowed to sue the Government on the grounds that testing the cruise violated the Canadian charter rights of "security of the person." The Canadian charter of rights was enshrined in the constitution repatriated from Britain last year.

Dioxin damages suit filed

ST LOUIS, MISSOURI — Fifty-seven people who believe they suffered ill health after exposure to the poison dioxin in industrial waste have filed a suit seeking $684m in damages.

The suit alleges severe injuries including systemic poisoning of vital organa and the circulatory system. All said they lived in areas where waste oil containing the poison was dumped.

Named as defendants were Independent Petrochemical of St Louis, the defunct Northeastern Pharmaceutical and Chemical of Verona, Missouri, and Russell and Evelyn Bliss. Agencies

White House alert

Intelligence indicating that pro-Iranian terrorists planned to attack a major U.S. installation prompted tightening of security at the White House, the New York Times said yesterday, AP reports from New York.

De Lorean lapse

John De Lorean and another investor will not meet tomorrow's court deadline for filing a reorganisation plan for the defunct De Lorean Motor company, a company attorney said, AP reports from Detroit.

Surinam coup foiled

The left-wing Government in Surinam announced yesterday that it had foiled a coup attempt, according to the Dutch news agency Anp, Reuter reports

U.S. could resume delivery of cluster bomb shells to Israel

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE U.S. and Israel were yesterday negotiating new forms of military co-operation that are to include resumed deliveries to Israel of controversial American - made "cluster bomb" artillery shells, according to White House officials.

The U.S. also expected to agree to make substantial increases in the amounts of U.S. military aid to Israel that comes in the form of an outright grant rather than loans that have to be repaid.

One of the main purposes of the closer military co-operation, according to U.S. officials, is to give notice to Soviet-backed Syria and other countries in the region that "there is no gap in thinking between the U.S. and Israel."

The White House, however, is also going out of its way to stress that it does not want to jeopardise its links with moderate Arab states such as Egypt, Jordan and Saudi Arabia in the process.

The delivery of cluster-bomb shells to Israel was suspended in July 1982 Israel was reported by U.S. authorities to have used them against civilian areas during its invasion of Lebanon. A U.S. condition for the supply of the shells, which scatter explosive "bomblets" over a wide area, had been that they be used for "defensive purposes."

Other forms of possible co-operation under discussion on the second day of talks here between President Ronald Reagan and Mr Yitzhak Shamir, the new Israeli Prime Minister, were said to include joint air force and naval manoeuvrea, American naval visits to Israeli ports, stockpiling of American medical and military equipment in Israel, joint planning against outside threats to the Middle East, and more intelligence-sharing.

In exchange, the U.S. is hoping that Israel will show more flexibility in securing an agreement for the withdrawal of all foreign forces from Lebanon—including the U.S. marines—and greater readiness to co-operate with Washington on Mr Reagan's overall Middle East peace plan.

The U.S. is also still trying to persuade Mr Shamir to freeze Jewish settlements on the occupied West Bank—a proposal he has firmly rejected—and relax Israeli opposition to American military aid to the pro-western moderate Arab states.

On the aid front, Mr Reagan was reported to be offering to increase military grants from $850m to $1.275bn, but to eliminate military loans, currently also running at $850m.

This would have the effect of increasing grants by $425m, but also lowering total military aid by the same amount. Mr Shamir was understood to be pressing for the total to remain at $1.7bn, entirely as a grant.

Reagan reaffirms line on recognition of China

BY OUR U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan has publicly dissociated himself from two pro-Taiwan moves in the U.S. Congress in the hope of safe-guarding the recent improvement in Washington's relations with Peking.

The first was an amendment to the IMF funding Bill recommending that Taiwan keep its seat in the Asian Development Bank even if China becomes a member. This was followed by a Senate resolution affirming Taiwan's right to determine its future, "free of coercion." Both referred to Taiwan as the Republic of China.

The Chinese Government has taken grave exception to the two votes, with Peking officials going as far as to suggest they could endanger Mr Reagan's planned trip to China in April.

The White House on Monday felt constrained to reaffirm that the U.S. "recognises the People's Republic of China (Peking) as the sole legitimate government of China," and said that Mr Reagan was looking forward to his visit. The Congressional measures represented the views of members of Congress, not those of the White House, it said.

Nicaraguan minister refused visa for U.S.

By Our U.S. Editor in Washington

THE REAGAN Administration yesterday announced that it had denied a U.S. visa to Sr Tomas Borge, the Nicaraguan Interior Minister, who had planned to visit Washington this week. The move was a further indication of the tough line that the White House is continuing to take against the Sandinista Government despite recent conciliatory overtures from Managua.

The White House was understood to have overruled the State Department, which had wanted to issue the visa to improve the chances of dialogue with the Sandinistas. Yesterday however, officials said that the U.S. had an Ambassador in Managua, and if the Sandinistas wanted dialogue "they're free to go to him."

The official explanation was that Sr Borge was likely to make anti-U.S. propaganda speeches during his visit. At the same time, however, the decision also permitted the administration to get off another hook by simultaneously denying a visa to Mr Roberto D'Abuisson, the leader of the extreme Right in El Salvador.

The Administration had not wanted Mr D'Abuisson to visit the U.S. for fear of the embarrassment he might cause with his hardline views. The State Department, however, maintained disingenuously that the timing of the two decisions was purely "coincidental."

Tim Coone in Managua adds: The Nicaraguan Foreign Ministry claimed on Monday that U.S. warships and aircraft were again operating close to Nicaragua's Pacific coast. Ministry officials said that on Monday evening two fighter planes took off from one U.S. warship and flew over an important electricity plant at Puerto Sandino.

About an hour later, two more aircraft were seen to take off from another warship. Puerto Sandino has been the target of several sabotage attempts by U.S.-backed right-wing guerrillas in recent months.

The U.S. embassy in Managua declined to comment on the report, but an embassy official said that there were no U.S. manoeuvres currently taking place off Nicaragua's coast.

Shuttle feeds America's appetite for heroes

BY PAUL TAYLOR IN NEW YORK

BEHIND THE scenes of Nasa's space shuttle programme a fierce philosophical battle is raging.

It concerns the degree to which trained astronants are needed to fly the complex shuttle—or whether the re-usable space transport system could be entirely controlled by on-board and ground - based computers making more space available for specialist scientists and engineers who are likely to

The debate has been thrown into sharp focus by the latest shuttle launch on Monday carrying the European-built Spacelab and, for the first

The commander, the pilot, and two "payload specialists"—scientists chosen and trained as astronauts—complete the crew.

But the "crew" also includes five IBM on-board computers (one in storage as back-up and the other four cross checking and controlling the mission and running a pre-determined complex set of programmes), and two French computers which run and control the experiments and the "shirt sleeve" working environment in the Spacelab.

The key question is whether or not these computers, together with those on the ground, could run the shuttle without the assistance of human pilots and commanders. The system programmers say "yes," Nasa says "no"—or at least "probably not at the moment."

Nasa said yesterday these could only be performed by humans with the help of computers which translate the astronants commands into specific actions. Nasa also maintains the presence of the astronauts is necessary "if something goes wrong." The programmers remain unconvinced saying the likelihood

Neverthelss people may still win over machines. As the programmers admit, "America neds heroes" and it is easier to imagine a hero astronaut than a hero micro-chip.

Debt web enmeshes Brazilian steel

Brazilian steel exports are expanding at such a rate that the Americans are worried. For in today's conditions, even this modern steel industry, designed to supply the local market, must sell abroad to survive, reports Andrew Whitley in Rio

TODAY ought to provide a memorable occasion for the Brazilian steel industry, a powerhouse responsible for over half the steel produced in Latin America. Just outside the tranquil, small city of Vitoria, the state capital of Espirito Santo, President Joao Figueiredo will inaugurate a major, greenfield steel works: the first fully integrated plant to be built in Brazil for a quarter of a century.

At a time when the industrialised world is grimly pressing on with the painful task of closing down steel mills, Brazil will have added another 3.2m tons of capacity, pushing its installed total to near the 20m-ton mark.

The $3.1m Tubarao steel works is a first for Brazil: a plant specifically designed for export, in this case of semi-finished slabs. All the other steelworks in Brazil were intended primarily to serve the domestic market, part of an industry which has grown at an average rate of 11 per cent a year for the last decade.

Even at this late stage, the markets for Tubarao's products have not been disclosed. With the world steel industry in its present parlous state, it is the kind of information that Sidebras, the state-owned steel holding company, is keeping close to its chest.

The two minority foreign partners in Tubarao, Kawasaki Steel Corporation of Japan and Finsider International of Italy, are each obliged to market 20 per cent of the new steelwork's products. Siderbras, which has a 51 per cent holding in the company, is responsible for the rest.

It is a reasonable guess, not discouraged by Siderbras, that the key target is the U.S. Wheeling Pittsburg, for one, is known to be negotiating to buy 300,000 tons of slabs a year.

Brazil is still only a bit player in the struggle for market share going on between the European community, Japan and the U.S. It will be responsible this year for about 7 per cent of U.S. steel imports, and less than 4 per cent of the Western world's steel output.

But the speed with which it has increased its penetration of foreign markets since 1981 has set off alarm bells, particularly in the U.S., which currently takes about 30 per cent of Brazilian steel exports. These are likely to reach 4.5m tons this year, double the 1982 figure.

A shoal of anti-dumping suits have been lodged by aggrieved companies, including U.S. Steel, against their low cost Brazilian rivals.

At the Government level, negotiations over quota limits for certain particularly sensitive products, such as stainless steel, wire rods and bars, appear to be getting nowhere. Brazilian officials dismiss the American proposals as ridiculous, and Sr Carlos Viacava, the foreign trade chief, is publicly pessimistic about the chances of an agreement.

The Brazilians claim that their steel is not responsible for the disruption of the U.S. market. "We are caught in the nutcracker between the U.S. and the European Community," said Sr Rogerio Saboia Santos, international head of the Ministry of Industry and Commerce.

Judging whether the industry is truly viable internationally is almost impossible. Technically, most of its plant is as modern as any in the world, thanks largely to foreign bank loans, as well as cheap credits from the World Bank and the Brazilian state development bank.

But it benefits from subsidised electricity and a battery of fiscal incentives, particularly for exports. Set against these advantages, Brazilian steelmakers are dependent almost entirely on imported coal, mainly from the U.S. and Poland, for which they have to pay the world price.

Continued access to foreign markets is vital for the survival of the industry, in which Siderbras alone has invested nearly $13bn over the past decade. Domestic sales were off by 13 per cent in 1981, when the recession began to bite. In 1982 they held their own, but collapsed this year by a disastrous 30 per cent.

The dilemma for the industry is that it is hopelessly over-borrowed and has to live with a domestic price structure averaging 40 to 50 per cent below world prices.

Sr Plinio Assmann, president of Cosipa, a state-owned steelworks which is currently producing and exporting at record levels, says the Brazilian industry "has no prospects of profitability in the short or medium term."

Losses are mounting at an horrendous rate. In the first quarter of 1983 the Instituto Brasileiro de Siderurgica, the private steelmakers council, calculated them at over $1bn. Sr Alusio Marins, head of Consider, the Government's steel and non-ferrous metals council, warned last week that the survival of the special steels sector was "hanging on a thread."

Overshadowing other considerations is the massive expansion programme launched in more confident days, but now the principal victim of the government's ruthless cuts on

Capacity in the Siderbras group will jump by half to 13.5m tons when the programme is completed, putting the Brazilian concern among the top half dozen steelmakers in

Three-quarters of all the new works are completed—for the greenfield Acominas steelworks, in which the Davy Corporation is the leading contractor, and for the third stages of the CSN and Cosipa integrated plants. Negotiations with the World Bank are taking place over the Cosipa plant, but no more money is in sight from the Federal Treasury.

Debt is the millstone threatening to drag Siderbras under. Externally it owes $7.7bn—equivalent to $1,000 for every ton of steel it produced last year—its domestic debt is even worse at $10.9bn.

There are no obvious ways out. Efforts by Siderbras to "float off" two of its subsidiaries to the Brazilian private sector have had little success so far, and the only other alternative—selling out to foreign interests — is unthinkable

OVERSEAS NEWS

Commonwealth compromise on major issues

BY ROBERT MAUTHNER IN NEW DELHI

THE COMMONWEALTH heads of government yesterday ended their week-long conference in New Delhi with a strong condemnation of South Africa, an offer of aid to Grenada and a demand for a withdrawal of the Turkish-Cypriot community's unilateral declaration of independence.

The final communiqué reflected a compromise between the views of the Western members of the Commonwealth and the developing states on most of the major issues discussed.

This was particularly true for the problem of Grenada, on which there had been a sharp difference of views between the African countries and India, on the one hand, and the Eastern Caribbean countries and Britain

The former wanted the communiqué strongly to condemn the U.S. invasion of Grenada, while the latter, who had supported the U.S. intervention, refused to subscribe to such a text.

In the event, the communiqué confined itself to stating that "the emphasis should now be on reconstruction, not recrimination." While not specifically calling for the withdrawal of U.S. forces from the island, the communiqué did look forward to Grenada's existence "free of external interference.

It also welcomed the intention of the interim civilian administration in Grenada to hold, as early as possible, free and fair elections.

The Commonwealth leaders, who noted the willingnes of the Caribbean community to assist in the maintenance of law and order in Grenada if requested to do so, also expressed their readiness to provide assistance.

Though the communiqué used strong language to condemn South Africa for its policy of Apartheid, its "repeated violations of the territorial integrity of neighbouring states," and its blocking of Namibian independence, it failed to suggest any practical remedies.

The attempt by South Africa and the U.S. to link Namibian independence to the withdrawal of Cuban troops from Angola was firmly rejected.

The Commonwealth leaders also called for the withdrawal of South African troops from Angola and an end to all forms of South African assistance to "the subversive forces" in Angola.

But apart from urging the Commonwealth members of the five-nation contact group on Namibia-Britain and Canada—to exercise their influence on the other members such as the U.S. to secure the speedy implementation of the UN Security Council resolution on Namibian independence, the communiqué threatened only "appropriate measures" under the UN Charter if South Africa did not comply.

The heads of government did, however, reaffirm their commitment to uphold their 1977 Gleneagles Declaration, under which they undertook to discourage any sporting contacts with South Africa.

Though the overwhelming majority of the participants rejected the South African proposals for constitutional reform, because the African majority was "wholly excluded from their scope." Britain expressed reservations on this part of the communiqué.

The Commonwealth leaders denounced the Turkish Cypriot declaration of independence as "legally invalid" and reiterated the call for its non-recognition and immediate withdrawal.

They also called on all states not to facilitate or in any way assist the "illegal secessionist entity." Pledging their renewed support for the independence, sovereignty, territorial integrity and unity of Cyprus, the heads of government set up a high-level contact group on Cyprus.

The final communiqué incorporated the Goa Declaration on international security and the statement on economic action published earlier this week.

Saudis agree to Iraqi pipeline

BY RICHARD JOHNS IN LONDON

SAUDI ARABIA has agreed to the construction of an Iraqi pipeline across its territory to transport its oil to the Red Sea, thus by-passing the Strait of Hormuz.

Confirmation for a go-ahead for the project, first proposed by Iraq two-and-a-half years ago, was given by Sheikh Ahmed Zaki Yamani, Saudi Arabian Minister of Oil, to Petroleum Intelligence Weekly last week. The newsletter says that Iraq should eventually be able to export 2m barrels a day by this route.

Under the first phase of the project, which is expected to be completed early in 1984, a pipeline will be constructed from southern Iraq to link up "somewhere in mid-Arabia" with the existing Saudi trans-peninsula pipeline, Petroline.

Its capacity is to be increased from the present maximum of 1.85m b/d by another 500,000 b/d for Iraq's benefit with Saudi Arabia receiving a tariff on throughput. In addition, Saudi Arabia has undertaken to make available any other spare capacity in the facility.

The second phase involves the construction of a parallel pipeline to Saudi Arabia's from the junction on to the Yanbu on the Red Sea.

According to PIW, Sheikh Yamani revealed that work on both phases would start simultaneously – though the second would take considerably longer.

Since early this year, a British consortium made up of William Press, Robert McAlpine, John Laing, and Humphries and Glasgow (part of the Enserch group) has been having talks about the construction of the new facility.

John Brown, meanwhile, denied a report from Baghdad that it had undertaken to float loading buoys and link them with an underwater pipeline to the old Iraqi terminal at Fao.

Last year, Iraq purchased from Brown Root five single mooring buoys, with a combined capacity to load 1.25m b/d. These are in storage in Bahrain.

Days of closed markets 'ending'

FINANCIAL TIMES REPORTER

THE DAYS of closed national telecommunications markets and of "going it alone" on world markets are fast drawing to a close, Mr **Robert Allen**, executive vice-president and chief financial officer of American Telephone and Telegraph (AT&T), told the Financial Times World Telecommunications Conference in London yesterday.

In a speech delivered on behalf of Mr James Olson, vice-chairman of AT&T, he said advancing technology and an ever-increasing variety of products were making it progressivly difficult for one company, even a govenment-owned company, to be the sole source of supply for all a country's telecommunications needs.

AT&T was undergoing major changes in structure and philosophy. It was becoming more like a growth company and less like a public utility as competition in the U.S. market grew. That meant more freedom to enter new businesses and leave existing ones.

British Telecom intended to play a major role in helping a wide range of customers in the UK and abroad to make the best uses of information technology, said **Mr Jim Hodgson**, vice-chairman of BT.

It would not be the only route to the market and would increasingly use its resources to provide customers with objective advice, assemble complex packages of equipment and services, and manage information and communications systems.

The regulatory framework within which BT would operate after it was privatised next provided the basis for a competitive regime which would avoid some of the problems experienced in the U.S., while encouraging the positive aspects of competition. Britain had needed to learn from U.S. experience in a very short time.

Mr Stuart Bailey, marketing director of British-based Mercury Communications, said that the wider choice in telecommunications

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brought challenges and opportunities for users. "New innovative systems, developed in a competitive climate where excellence is a minimum requirement for staying in business, can revolutionise an organisation," he said.

But the converse was also true. The manager who sat on his hands and hoped the whole problem would go away was risking his job, his organisation's competitive edge and the country's ability to compete across the board in broadband communications.

Dr Roberto Taranto, managing director of Réseau, said Italy was having some difficulty managing new telecommunications services and technology. But there were hopeful signs. A public debate was developing about the organisation of telecommunications operations; and Italy seemed well placed to repeat its success in applying new technologies to other parts of its industrial economy.

Ha noted, however, that a true common market in telecommunications did not exist in Europe. That prevented European industries from obtaining economies of scale.

European manufacturers should encourage the opening up of their national markets at the fastest pace they could match, said Mr **Philip Hughes**, chairman of Logica of the UK. Because regulatory changes took time to come into affect, bilateral deals would be the best way of gaining access to many markets for some years.

There would be new opportunities in the short and medium-term to supply equipment and services to telematics markets. Many countries were opening their markets for videotex, teletext and facsimile terminals, although markets for value-added services appeared more risky in the short term.

Mr Kaspar Cassani, president of IBM Europe, said that reliable, easily accessible basic transmission service, lower-cost connections and, above all, competition in subscriber equipment and value-added network services were essential if computer manufacturers were to continue to respond fully to user requirements.

User demand for information processing had helped to encourage the increasing convergence of computing and communications. There were still many needs waiting to be met. Both computer and communications suppliers should give top priority to what their customers really wanted.

Iraq to ask Opec for big rise in oil export quota

BY ROGER MATTHEWS MIDDLE EAST EDITOR, IN BAGHDAD

IRAQ will demand a substantial increase in its oil export quota at the next meeting of the Organisation of Petroleum Exporting Countries (Opec) in Geneva on December 7.

Mr Wajih al-Hadithi, director of external relations at the Ministry of Oil in Baghdad, said yesterday that an increase from the present quota of 1.2m barrels a day (b/d) to at least 1.8m b/d was vital to accommodate Iraq's planned rise in exporting capacity.

He added that Iraq may insist on even more than an additional 600,000 b/d. This might be needed because of the expansion of the oil pipeline through Turkey from the present 700,000 b/d to 980,000 b/d by the end of next April.

The pipeline to Turkey is currently Iraq's oil exporting facility and the revenue it generatea is well below the country's requirements for continuing the war with Iran, now in its fourth year.

In the short term Iraq believed that Opec should stick to its output ceiling of 17.5m b/d, Mr Hadithi said, and other exporters would have to trim their quotea in order to make way for the Iraqi increase.

"We only accepted the 1.2m barrels a day because at that time it was the maximum we could export," he said.

Mr Hadithi also confirmed that Iraq was only waiting for a positive response from Turkey for detailed planning work to start on a new gas pipeline to run alongside the existing oil pipeline.

Pakistan threat to Gulf Air in traffic war

AUTHORITIES in Islamabad have threatened the Dubai-based Gulf Air with total closure of its operations in Pakistan, as part of a mounting air-traffic war, Mohammed Aftab reports.

Gulf has a 2,600-a-week seat quota to carry passengers from Pakistan to various Gulf points. It wants the quota doubled to 5,200 a week, to fill its recently acquired wide-bodied L-1011 TriStars.

The predominantly Government-owned Pakistan International Airlines has 38 Airbus-300 and Boeing-707 flights with 7,000 passenger seats a week to Dubai, Abu Dhabi, Doha and Sharja.

Indonesia refineries

Indonesia's newly-expanded oil refineries at Cilacap, central Java, and at Balikpapan, East Kalimantan, have been forced to close temporarily because their tanks are full and the right type of ships are unavailable to move their oil products, oil industry officials said yesterday, Reuter reports.

A group of oil companies exploring an onshore concession in Irian Jaya, Indonesia, will extend their exploration period by two years to October 1985.

The group includes Total Mutsuri, a subsidiary of Compagnie Francaise des Petroles, as operator, and two other companies—Index Mutsuri and Irian Jaya Petroleum Corporation.

Japan's trade and current account surpluses fall

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN'S TRADE and current account surpluses fell slightly in October from the previous month's levels but continued to remain far ahead of earlier official forecasts, the Finance Ministry revealed yesterday.

The visible trade surplus amounted to $3.09bn, down from the September figure of $3.36bn while the surplus on current account fell from $2.68bn to $2.28bn.

The smaller surpluses reflected a 6 per cent growth in imports, marking the second month running in which Japan's imports have exceeded those of a year ago. Exports, however, rose by 15.4 per cent to $12.77bn.

Finance Ministry officials said yesterday that they expect Japan to register a trade surplus of between $33bn and $34bn during the current fiscal year, ending in March 1984.

The current account surplus which reflects Japan's substantial invisibles deficit will probably be in the black by $23bn-$24bn, a far higher figure than originally predicted.

Japan's smaller trade and current surpluses, coupled with continuing deficit on capital account, produced a small deficit in the basic balance of payments in October, following the previous month's surplus. The basic balance was in the red by $98m.

Zimbabwe Reserve Bank eases monetary policy

BY OUR HARARE CORRESPONDENT

THE RESERVE Bank of Zimbabwe yesterday slightly eased monetary policy by reducing the liquid assets ratio of the commercial banks from 35 to 30 per cent.

The central bank said the banks had recently suffered an outflow of funds which could not be explained by seasonal factors.

Coming at a time of rising bank lending to finance the new season's crops, this had led to pressure on liquidity ratios and sharply higher short-term interest rates.

To ease the liquidity situation, the reserve ratios of the commercial banks have been reduced from 35 to 30 per cent, but ratios are unchanged for all other financial institutions. The reserve bank said the move should not be interpreted as a change to existing monetary policy.

Narrow verdict expected in Ford pay vote

BY PHILIP BASSETT, LABOUR CORRESPONDENT

FORD'S 44,500 hourly-paid workers appear divided over whether to accept the company's 7.5 per cent pay offer, or reject it in favour of a threatened all-out strike from January 3.

By last night more than half the company's 24 plants had voted. Nine plants rejected the offer and eight voted to accept it. Among the votes yesterday to accept the offer were those of day shift workers at the often-militant body and engine plants at Dagenham.

However, the day shift at Dagenham assembly plant voted by about 4–1 to reject the offer, and much may depend on the night shift votes, which will be recorded this morning.

A further five plants will vote today, including 1,500 workers at Langley and 1,000 at Belfast, and the final plant, Dagenham knock-down, tomorrow.

Mr Ron Todd, the union's chief negotiator, would not predict the final result last night. But he said: "We shall decide on the number of plants voting for or against. That is the way it has been done before, and no-one has complained if the vote has been narrowly for acceptance of an offer."

If the plant-by-plant count goes against the offer, the unions will seek further negotiations with the company. Mr Todd said: "If the vote is against, and the company refuses to negotiate further, then we are faced with a major confrontation on January 3."

Though it will be decisive, the plant-by-plant vote disguises a more complex numerical picture. Based on the total number of employees at each plant, the number accepting the offer is about 13,500, while the number rejecting it is about 23,000 – already more than half the nominal workforce.

However, there are reports that these nominal totals were not matched by the numbers actually voting at the plants. In the three Halewood plants, comprising about 8,000 workers, for example, it is thought that only about 3,000 turned up to vote.

If the smaller and traditionally less militant plants vote to accept the offer today, it could narrow the numerical gap further – possibly to about 21,500 acceptances and 23,000 rejections. Even if the plant-by-plant vote was to reject the offer, such a close nominal numerical vote raises considerable doubts about the Ford workers' willingness to strike.

Directors' salaries up by 11% in a year

By Michael Dixon

COMPANY DIRECTORS' pay rose well ahead of their living costs over the year to September, says a study published yesterday by Reward Regional Surveys and the Institute of Directors. The study was based on a total sample of 3,535 full and part-time directors in Britain.

Although the basic salary of the "average" board member – ranked midway in the total sample – was only £20,000 this year, it represents a rise of about 11 per cent of the 1982 figure. The corresponding rise in living costs was only 3 per cent.

Including bonuses and other cash earnings (but not the value of company cars, pensions and so on), the "average" director's total money rewards came to £20,750 – an increase of just over 12 per cent on 1982.

The equivalent figures for full-time executive directors were a basic salary of £20,350 and total cash rewards of £22,250. Fees for non-executive board members rose by about £500 to approximately £5,000 on average.

Among the survey sample of more than 250 fully executive chairmen, the midway figures were a £25,000 salary plus about £3,000 in bonuses.

COMPANY REJECTS PLAN TO SAVE LIVERPOOL BISCUIT FACTORY

2,000 jobs to go in phased shutdown

FINANCIAL TIMES REPORTER

UNITED BISCUITS yesterday rejected plans prepared by its workers and unions to save the company's Liverpool plant from closure. The plant will now be run down over the next three years with the loss of 2,000 jobs.

The company's decision was described by its chairman, Sir Hector Laing, as "distasteful," while Mr Bobby Smith, national food organiser of the General and Municipal Workers' Union, gave a warning that it could lead to civil unrest.

Closure will hit an area in which more than 130,000 – nearly 20 per cent of the workforce – is unemployed.

"The community must now feel that even successful industry is expendable in the interests of monetarism and profit," Mr Smith said.

After a meeting last night shop stewards agreed to ballot the workforce on action to save the plant. Further talks were also being sought with Sir Hector, who announced that the company would be making £1m available to help create new jobs in Liverpool.

Closure of the factory was first announced in June. The unions' alternative plan was prepared with the aid of outside business consultants after the company had opened its books.

It proposed about 900 redundancies and reorganisation of the factory to produce claimed savings of £8.5m and an increase in profits to about £5.5m a year.

Sir Hector said savings of only £5.1m could be indentified. Closure would produce a saving of £10.5m a year.

New technology and falling demand for some biscuit lines meant that United could produce enough for its markets in four factories rather than five. Imports of biscuits from Europe were already threatening market share and costs had to be reduced to maintain competitiveness.

Social costs of the closure – in terms of unemployment, and social benefits – have been estimated by Merseyside County Council at about £12m in the first year, rising to £20m after five years.

Sir Hector rejected the argument advanced recently by some community leaders that this meant that the taxpayers would be paying for the closure and the safeguarding of United's position.

He said: "My job is to run as efficient a business as possible in the interest of employees, consumers and shareholders. In 1987 we shall be employing more people nationally than now."

Mr Tony Humphreys, a union officer, who made the initial approach for United to open its books, said the unions' plan had been "bedevilled" by company negotiators who "continually moved the goalposts."

Triumph motorbike factory suffers final defeat

BY LORNE BARLING

BRITAIN'S established motorcycle industry was finally laid to rest yesterday as the contents of the Triumph motorcycle factory at Meriden, near Coventry, came under the auctioneer's hammer.

The only evidence of the former world leadership of Triumph was a single motorcycle parked outside the factory, maintained to perfection by an enthusiast.

Production of Triumphs ended this year with the failure of the Meriden Motorcycle Co-operative, set up in 1975 with a government loan of £4.2m.

The name and designs of the former co-operative have been bought by Racing Spares, a company based in Newton Abbott, Devon.

Mr Les Herbert, head of Racing Spares, said yesterday he hoped to set up a factory to build Triumphs in Plymouth and wanted to produce about 20 motorcycles a week. The auctioneers at Meriden said the jigs to make the motorcycles would be sold under private treaty and the owner of the Triumph name would have first option to buy.

Members of the Meriden co-operative yesterday acted as assistants to the auctioneers. One of them, Mr Gwyn Edwards, who had worked for Triumph for 20 years, said: "Most of us are doing it for sentimental reasons. Triumph is dead, so we though we had better lay it out properly."

The auction, which will last three days, is one of the largest of its kind in the English Midlands.

Turbine orders for GEC offshoot

By Lynton McLain

GEC-RUSTON Gas Turbines has won £50m of orders in the six months since May, when the company was formed to manage the activities of GEC-Gas Turbines and Ruston Gas Turbines, another GEC subsidiary.

The orders are for 25 gas turbines linked to 20 electricity generators and five compressors. British manufacturers, including GEC, made 14 of the generators; Dresser, of the U.S., made the compressors.

Nine contracts are involved, with the largest awarded by Marathon Oil UK for its North Brae offshore platform in the North Sea. This contract, worth about £25m, is for three GEC ERB-124 gas turbine generating sets and four GEC ERB-124 gas turbines for powering the Dresser compressor units.

"The worldwide gas turbine market continues to be very depressed, so we are delighted to have these orders," said Mr Kelvin Bray, the managing director of GEC-Ruston Gas Turbines.

BHS chief to take over at Dunlop

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SIR CAMPBELL Fraser is to retire as executive chairman of the troubled Dunlop Holdings group on December 31 and will become president. He will be succeeded by Sir Maurice Hodgson, chairman of British Home Stores, who will become non-executive chairman of Dunlop.

Sir Campbell, who is also president of the Confederation of British Industry, has been at the centre of considerable criticism recently, but Dunlop said yesterday that his change of role was part of the normal evolutionary management process within the group.

It was pointed out that Dunlop's executive directors normally retire at the age of 60 – Sir Campbell was 60 in May this year – and that it was also group policy for the chairman to become president in order to provide an element of continuity.

Dunlop's fortunes are at a low ebb. The group incurred a net loss of £80m last year. At the end of 1982 net debt was £398m while shareholders' funds totalled £380.

In September, Dunlop announced it was to sell most of its European tyre business to Sumitomo of Japan, shortly after that its French tyre operations filed for bankruptcy.

There have been rumours that Sir Campbell was under pressure to resign from the Malaysian Pegi Corporation, which now owns 26 per cent of Dunlop. At the annual meeting in June he was taken to task by shareholders for accepting a 21 per cent pay rise to £81,856 in a year when Dunlop's losses were so large.

Sir Maurice, who is 64 – Dunlop's non-executive directors retire at 70 – will retain the chairmanship of British Home Stores, but give up some other commitments.

People Express seeks more UK flights

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PEOPLE EXPRESS, the U.S. low-fare airline which flies between Gatwick (London) and Newark (New Jersey), is seeking to increase the number of flights it is allowed to make under the Anglo-U.S. Bermuda Two air agreement.

At present the airline flies five times a week each way on the route. It wants to raise the total to seven flights a week each way and progressively to about 14 flights each way weekly, or twice daily.

The airline will open talks at the Department of Transport in London today. People Express, which has grown rapidly over the past year, carried more than 4.5m passengers on its entire route network in the first 10 months of this year, or more than double the figure for the same period of 1982. It is also interested in extending its Atlantic network into Western Europe.

Mobil faces £50m loss

By Ian Hargreaves

MOBIL OIL expects to lose more than £50m this year on its UK refining and oil products business. The company said yesterday that it was "continuously testing" the market for an opportunity to raise petrol prices.

In spite of a sharp rise in petrol prices at the pump in the last year, margins had weakened because of sterling's recent slide against the dollar, Mobil said. The company closed some outlets last year and pruned expenditure, but lost £95m on refining and marketing.

THE ARTS

Television/Chris Dunkley

Tales of Moscow and Saigon

Programme makers often tell critics that comparisons are odious (an assertion made originally by John Donne; Shakespeare punned that they are "odorous") though the complaint is only heard, of course, when the speaker fears that his own programme will emerge the worse from the comparison. But if they don't want critics to compare their work then they should avoid the sort of unforgiveable confrontation which occurred last night.

At 9.25 BBC1 screened *An Englishman Abroad*, a television film about self-imposed exile. At 9.30 ITV screened *Saigon: Year Of The Cat*, another television film about self-imposed exile. Both were prestige productions. *An Englishman Abroad* was directed by John Schlesinger (working again for the BBC for the first time in 23 years) from a screenplay by Alan Bennett and starred Alan Bates and Coral Browne. *Saigon: Year Of The Cat* was directed by Stephen Frears from a screenplay by David Hare and starred Judi Dench and Frederic Forrest. *Englishman* was given the cover of Radio Times and a colour feature inside. *Saigon* was given the cover of TV Times and a colour feature inside. Both are being shown in the 27th London Film Festival, and both will undoubtedly be entered at other international festivals with the hope of winning awards.

We should not allow the phrase "television film" to confuse us. These works are two prime examples of a form which broadcasters have been declaring for 15 years is about to die: the single play. Recently thanks to the continuing decline of the cinema audience, the arrival of Channel 4, the appearance of more independent producers, the growing feeling that "single play" sounds old fashioned, and a need to differentiate between works made exclusively for television and those intended for both big and small screen, the phrase "television film" has been heard more and more.

The fact remains that productions awfully like these have featured for many years within the broad category "single play." However, examples as ambitious as last night's pair—with big budgets, star names, and decent location shoots — have always been few and far between. That is why it was unforgiveable to schedule them in direct opposition so that most viewers could see only one.

There are arguments, albeit paternalistic ones, for "back to back" scheduling in some instances (*Panorama* and *World In Action* for instance) where the programmes involved ensure one another's survival. When Sweden's two television channels, both public service, were ordered to stop simultaneous timetabling of their serious current affairs series and instead to provide popular entertainment alternatives the combined ratings for the current affairs programmes sank so low that back to back projection was reinstated.

But it is impossible to believe that the controllers of either ITV or BBC1 seriously imagined that last night's films needed that sort of mutual protection. On the contrary it looks more like a mutual spoiling operation organised by petty minded men on both sides, all determined that if their programme wasn't to have a famous success then neither should the other.

The one bright aspect of this is that the more often it occurs, the more viewers will buy video recorders, and the more video recorders there are the less influence broadcasters have in the public's programme choice. So in the long term their own bloody mindedness will rebound against the broadcasters.

But what of the films? *Saigon* received much more advance publicity and, by all accounts, cost much more: £1.5m it is said. The main reason for this seems to have been the decision that it should be shot on location in the Far East, though after watching it and noticing only a couple of gratuitous street scenes the great mystery is why.

Frederic Forrest and Judi Dench

Hare's screenplay tells of a middle-aged English woman, Barbara, working in a bank in Saigon in the final days of the American presence. She bas an affair with Bob, a CIA man from the U.S. embassy, and in the second strand of the film Bob is revealed as the odd man out among his colleagues since he believes they should be preparing for evacuation. When this is finally thrust upon them, Bob manages to get Barbara a seat on one of the last helicopters out of the embassy compound, but hundreds of South Vietnamese loyal to the Americans are not only left behind, but systematically betrayed to the incoming Communists by the abandoned card index.

It is apparent from this *second theme* that *Hare* and Frears aspire to something more than just another exotic love story with a dying fall. There seems to be a desire to say something about colonialism and maybe about exile, perbaps a comment too on loyalty, but the specifics are never made clear. In the end it is just that exotic love story with a dying fall which comes across strongest. Thanks to the economy and precision of Frears' style duriog the sequences set in Barbara's flat there is a beguiling abseoce of cliché about what is, after all, a pretty unoriginal story.

However, leave aside the romantic interest which in plot scarcely advances beyond the fiction in "Woman's Journal," and what are we left with? A couple of very brief passages which roay be in character for David Hare—this description of England for instance: "The people are—odd. They're cruel to each other. Mostly in silent . . . in unexpected ways. It's an emotional cruelty. You feel watched, disapproved of all the tiroe. . . . There's a terrible pressure, all these little hedgerows squeezing you in, tight little lines of upright homes. Everyone spying on everyone else"—but bardly in character for Barbara Dean.*

Moreover, the build-up to the American departure and the evacuation sequence itself were done rather better and, apart from the "White Christmas" signal, with more telling exploitation of detail (such as the campaign to fell the compound trees and the burning of the dollar bills) by John Pilger and Richard Stroud in BBC 2's film *The Last Day*, shown in March.

Owners of video recorders will find many contrasts when they come to compare *An Englishman Abroad*. For a start the little anecdote it recounts is true: Guy Burgess really did stagger into actress Coral Browne's dressing-room when she was on tour in Moscow in 1958 and vomit into the basin. Coral Browne really did find him charming nevertheless, have lunch with him, take his measurements, and order suits and shoes for him on her return to London.

And whereas the Frears film might just as well have been shot in Hammersmith for all the benefit it got from its locations, Schlesinger with superb camera work from Nat Crosby has managed to conjure the very feel and smell of Moscow, indoors and out, on to the screen without ever going beyond Glasgow, Dundee and London. What is more Bennett has written one of his funniest scripts for a long time. "You remind me of a stoker I once knew," the drunken Burgess murmurs amphibolically to a massive and sullen female stage doorkeeper. Coral Browne fumes at the unhelpful clerks in the British embassy in Moscow: "You can't stop me going to lunch with him. It's a free country."

Miss Browne's ability to play herself delivering lines put into her mouth by a playwright is not only triumphant but mistifying to a non-actor (this one anyway). Bates gives one of his most perfectly modulated performances ever in a rôle which could so easily appear hackneyed after all the Burgess films we have seen.

There is no attempt at *significant* statements in *Englishman* although towards the end there is a spot of wrist slapping over a men's outfitters which won't provide pyjamas for Burgess (good gracious, they supply the royal family!) and the closing sequence with the newly resplendent exile striding through the wondering Moscow crowd with his black brolly brandished aloft, to the strains of Gilbert and Sullivan's "He was an Englishman" on the soundtrack, is powerfully sardonic.

You could argue that it is more honourable to be even half-way successful with a more ambitious work like *Saigon* than to achieve such stunning and total success with a miniature such as *Englishman*. Yet I have no doubt at all that it is *An Englishman Abroad* which will last longest not only in my memory but in the archives too.

* Quoted from *Saigon: Year of the Cat*, published by Faber & Faber (£3.50), whose lonely enterprise in continuing to issue television scripts is to be applauded.

Esclarmonde/Covent Garden

David Murray

Alastair Muir

Joan Sutherland

Massenet's *Esclarmonde* defies belief anyway, and as a stage vehicle for Dame Joan Sutherland it is awesomely incredible. The production which kindly sponsors have procured from San Francisco for the Royal Opera reels between Maeterlinck and Mother Goose. The lurid trappings, magnificently overripe, are by Beni Montresor out of Odilon Redon (with touches of Dufy and even Matta) — light-storms playing over a permanent sweep of steps, backclotbs and scrims; even the painted hangings have painted hangings painted on them. *Lotfi Mansouri's* stage action, flat-footed with arms akimbo, takes us straight back to the dear dead days of pantomime. The cheapjack score is neither here nor there.

Composed at about the same time as *Werther*, *Esclarmonde* stands to it rather as Wagner's *Rienzi* does to his *Dutchman* — a grandiose transitional hotchpotch against a piece in which the composer is at last really finding his feet. *Esclarmonde* is full of undigested Wagnerisms, little and large: now a cadence from *Tannhäuser* or *Lohengrin*, or the clarinet-gurgles from *Tristan* Act 2, now a whole pallid mock-up of a Wagnerian prelude or a transformation-scene. At bottom, however, the music hasn't the courage of its petty larceny, and the borrowed geegaws dangle limply from a much blander, naïver construction.

Certainly it is singable, and were the story a less ludicrous confection that might almost have been enough. Officially Massenet's librettist drew it from a medieval *chanson de geste*, but it is shaped in accordance with the New Exoticism of the 1880s and '90s, like an early Pierre Loüys romance. Woozy erotic visions are crammed in chock-a-block. Massenet designed it for a cool, ravishing soprano of the day (he is said to have discouraged revivals for anybody else), and one can imagine her drifting enticingly through the contrived fable — but that isn't the sort of thing that Dame Joan was born to do. On stage *Esclarmonde* needs a miracle-ingredient, and her augustly hearty presence isn't it.

Once past a wobbly beginning (with a prominent beat in the voice), she produced many beautiful, luminous notes. Some set-pieces suit her well, and she delivered them in style; for some other passages her soprano is now neither light nor agile enough (one offstage invocation irresistibly suggested a Valkyrie going round the bend), and the result was leaden phrasing just where the music depends upon winsome ease. Vocal gestures were underlined by hefty arm-thrusts, sometimes even by a vigorous bop.

Her tenor was Ernesto Veronelli, whose Roland (he of the "Chanson de . . ." presumably) opted for safety with a permanent mien of polite bafflement. His thoroughly Italian timbre had its attractions, if also some swooping lapses, and it survived the long evening well (there is an hour's worth of intervals). The secondary pair of lovers, Diana Montague and Ryland Davies, not only sang charmingly but managed to keep straight faces. I found it helpful to pretend that Mr Davies was still the Prince from *Love of 3 Oranges*; indeed the whole evening can be enhanced by ignoring the printed story and making up one's own as it goes along—the Accidental Parting of the Nile, the monstrous advent of the Great Tin Tray.

There are fleeting moments at which Montresor's insistent visions—like Redon illuminating the rauncher bits of the Old Testament—almost work, and in these Gwynne Howell, Geoffrey Moses and Jonathan Summers figure very effectively. If only the short-breathed music didn't so regularly let the side down!—there are chromatic tremolos at key junctures like vintage G and S. The conductor is Richard Bonynge, who often seemed to think that his wife is the only singer who needs to breathe; certain orchestral passages, too, might bloom more appealingly in gentler hands. At any rate it is a mind-boggling affair. I record with disbelief a comment from a lady sitting in front of me, to the effect that the opera was blessedly full of "tunes."

Nobody's Fool/Soho Poly

Michael Coveney

People do tend to feel suicidal at Christmas as we know from our own experience and the second act of Alan Ayckbourn's *Absurd Person Singular*. Chris Curry's spark little play *Nobody's Fool* takes us to the Burnley household of Howard and Carol, where Peggy Lunt has locked herself in the bathroom to indulge in her latest breakdown. Peggy is everyone's chum, a divorced mother whose *angst* among the pills and toilet rolls is interjected with the overspill of the downstairs knees-up banging at the door.

Peggy is played by Pam Ferris as a self-critical failure with three chins dressed in a black and white evening sack. In the first scene she sits on the loo while Carol, in a revealing backless little number, rabbits on about not very much. Carol goes and Peggy bolts the door. Miss Ferris is superb at conveying a notion of the very thin line between bonhomie and despair, giggling even as she contemplates her own melodramatic performance of backing up to the wallpaper in search of a razor blade.

The other area of Candida Boyes's pleasingly detailed design is the landing, where George Costigan and Polly Hemingway quick-change their way through a series of wickedly observed party-goers. Howard is an absentee father pushing his way up at the expense of domestic bliss; Paul and Ros scramble adulterously through some hilarious dialogue about their respective kids and sex "being different" for the man; a chemist with pens in the pocket of an ill-fitting brown suit encounters Ros's languid tirade with twitchy nonchalance; Paul's pregnant wife, making an early considerate exit, fields the bigoted nonsense of a blazered reactionary who has lost touch with his children.

All this makes you wish you were downstairs with the action, but Miss Ferris keeps pulling you back to her distraught monologue with touching finesse. There are jokes about quiche, menstruation and good housekeeping. Andy Jordan's direction keeps the play bubbling along for its full 70 minutes and Miss Curry is obviously another name to add to the post-Ayckbourn school of social mannerists. Steve Christian's soundtrack mixes recent middlebrow favourites with golden oldies, distant strains of the Floral Dance heralding a violent eruption just as Peggy sinks to her knees for the last time.

Saleroom

The Getty Museum of Malibu, California, extended its collection of Old Master drawings at Christie's yesterday when it bought a Rubens chalk study of a man in Korean costume, with touches of red on the face, for £324,000. It was a record for a Rubens, and matches the £300,000 paid by the Getty (without the premium added) for a Rembrandt drawing of Cleopatra, the previous best for an Old Master drawing.

The president and chief executive of the Getty Trust, Mr Harold Williams, is currently in London and he made it clear yesterday that the museum would not bid for works of art if a major British national institution was interested in the lot. For the Rubens the museum was bidding against a telephone caller.

For the other items London dealers were well to the fore. Colnaghi paying £34,560 for "The rest on the flight into Egypt" by Tiepolo; Hazlett Gooden and Fox £14,040 for "Lever des ouvrières en ligne" by Bosio; and Baskett and Day the same sum for "St. Mary Magdalen adoring the Crucifix" by Jacob de Gheyn II.

A.T.

Verdi Requiem/Festival Hall

Rodney Milnes

It is not the operatic quality of Verdi's Requiem Mass that is surprising (or shocking, to some non-Latin audiences) so much as its non-operatic properties. In which of the stage works did he write so daringly for the orchestra? In which of the operas are private emotions placed so precisely in a public, or rather cosmic context? Such thoughts were prompted by the London Choral Society's performance on Tuesday, in which the Philharmonia Orchestra's playing was one of the comparatively few positive pleasures, notably in much exquisite woodwind phrasing (private) and in the pungent realisation of the bewildering writing in the "Sanctus" and the "Angus Dei" (cosmic).

The other main pleasure was the singing of Heather Harper, who was standing in at short notice for Linda Esther Gray. Alone of the soloists she seemed thoroughly at ease in her music, phrasing with the natural musicianship long treasured in the opera house and by sheer involvement making the "Libera me" the climax that it must be: for all the apocalyptic grandeur of the "Dies Irae" it is the moment of lonely, private fear that comes to us all, and that Verdi understood, that counts.

The chorus gave an agreeably lusty account of their music. They command an impressively wide variety of dynamic and tone-colour (light, open vowels in the "Libera me"); less impressive is their command of pitch—there were some uncomfortable moments, and not only choral ones, with an unpredictable and "operatic" tenor (Kaludi Kaludov) and an oddly uneasy Willard White, as musical as ever but his tone slightly flat-orientated, causing problems at the end of "Pie Jesu." The lightish mezzo Glenys Linos sounded ill-suited to a work in which sterner stuff is needed.

The conductor, Miguel Gomez-Martinez, underplayed the drama almost to a fault. His on the whole brisk tempos were welcome in the first and last sections, which were kept moving, less so elsewhere, where detail was muddied even in the Festival Hall's helpful acoustics. But Verdi's vision was communicated, and a performance of the Requiem in which the bass-drum player punctures his instrument at the opening of the "Dies Irae" cannot be all bad.

Arenkov/Wigmore Hall

Dominic Gill

Alexander Arenkov was a pupil of David Oistrakh, and later Oistrakh's assistant at the Moscow Conservatory. In 1967 he founded the Glinka String Quartet, which he led for 11 years; two years ago he left the Soviet Union, and now lives and works in Vienna. He is an engaging soloist, unostentatious of manner, technically well founded: the sound is not particularly warm, but easy on the ear, with an agreeably plangent edge.

The playing of his accompanist Nikolaus Wiplinger, consistently dull, wooden of articulation and technically flawed, was less welcome. In Op. 12 no. 2, no less than in any of Beethoven's violin sonatas, the violin and piano are equal musical partners: but this was an uncomfortable, uneven combination, seriously unbalanced. I had the distinct impression, reinforced as the evening continued, that with another accompanist as catalyst, Arenkov could certainly have done much more, and much more vividly, with all the music he played.

As it was, such pedestrian underpinning made of Prokofiev's Op. 94a sonata a drab and colourless sequence, without surge or soar. Arenkov gave Dimitri Tsiganov's arrangements for violin and piano of 10 of Shostakovich's Op. 34 Preludes with vitality and charm—but Mr Wiplinger's role in the affair was at best marginal, and at worst positively a disadvantage. Unfortunate solo debut: but when Arenkov is properly paired, he should return in good heart.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Theatre

Nov. 25–Dec.1

CHICAGO

E. R.(Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000)

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262)

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the boopla, apart from the first-act finale a la Gaîté Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200)

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

WASHINGTON

Noises Off (Eisenhower): Dorothy Loudon stars in Michael Frayn's comedy about the provincial run of a slapstick farce with lots of antics for a company that includes Brian Murray, Paxton Whitehead and Victor Garber. Ends Nov 27. (254 3670).

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personal's column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (488 3300)

LONDON

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143)

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888)

Glengarry Glen Ross (Cottesloe): One of America's best playwrights, David Mamet, has a startling world premiere at the National Theatre in this superb Bill Bryden production of life among real estate salesmen. The language rocks and rolls through idiomatic salespeak with many a glancing reference to post-Nixon break-in paranoia (928 2252)

Hay Fever (Queen's): Penelope Keith continues her reign as the iron maiden of British showbusiness. Well-dressed and marcel-waved, she plays Judith Bliss in Coward's great comedy, presiding over charades and confusion in a Thames-side country house. (734 1166)

Little Shop of Horrors (Comedy): Tawdry, camp musical based on a 1960 Roger Corman B-movie about a man-eating plant which revives the fortunes of a Skid Row flower shop. The 1950s pastiche is a bit wan, but the lyrics sharp. The plant grows from cactus-like vulva to piscatorial, blues-singing peach. Ellen Greene repeats her off-Broadway performance which is something like Fenella Fielding only blonde and way over the top (930 2578)

The Master Builder / Munich

Ronald Holloway

GERMAN theatre has returned to treating the classics in a straightforward and conventiooal manner, placing more emphasis on the text and less on abusing the original by clothing them in outlandish production garb and murdering the syntax. The audiences, in particular, note the change for the better – and flock to such performances in droves. A prime example is Peter Zadek's production of Ibsen's *Baumeister Solness (The Master Builder)* at the Residenztheater in Munich.

In fact, it is one of the hits of the season, and has already made an appearance in Berlin as a guest production booked by Intendant Kurt Hübner at the Freie Volksbühne. More than likely, this is one of those productions that will stay on the boards for the rest of the season.

The Master Builder is not staged very often in Germany, although Ibsen's other major plays – *A Doll's House* (titled *Nora* here), *The Wild Duck* and *Hedda Gabler* – enjoy a longevity comparable to Shakespeare's best. The reason is that it is a play of nervous energy and inner spiritual tormeot, ooe that demands the best of a sound ensemble down to the last walk-on role. The Residenztheater has such an ensemble.

Peter Zadek has his actors performing at a clip pace, preferring to be entirely true to the text rather than cutting the heart out of the whole. It is diction and gesture and old fashioned presence that spellbinds the audience, even though productions today (this one included) substitute computerised lighting systems and a handful of gimmicks for acting at its purest. Hans Michael Rehberg's Halvard Solness has seldom been so convincing in a theatrical performance, possibly because here is a role cut to his figure and talent. Barbara Sukowa as the neurotic Hilda Wangel, a vamp driving the proud but troubled architect to his death, is also convincing when she has a line to chew on and dispense with the emotions of a flighty bird. Another outstanding performance is that of Annemarie Düringer, who as Aline Solness, the master builder's wife, expresses the tragedy of the moment in the last act on the veranda within the limited range of a brace of well chosen and refined gestures.

The Master Builder was written at the time of the construction of the Eiffel Tower in Paris. To complement the grandiose aspects of that architectural undertaking, stage designer Götz Loepelmann makes equally magnanimous use of space in his choices of three backdrops for the play: a spacious architect's studio, a roomy mansion packed with decorations, and a veranda that appears to stretch out to the foot of an Alpine peak.

La Tragédie de Carmen / New York

Frank Lipsius

PETER BROOK has made himself right at home at the Vivian Beaumont, covering the stage with sand for his 80-minute version of *Carmen*. Despite the seemingly retrograde feat of turning the Lincoln Center landmark (which remains practically brand new from lack of use) into a look-alike for Brook's *fleabag neighbourhood* Bouffes du Nord in Paris, New Yorkers take particular pleasure in seeing the stage finally lit after projects grandiose and petty have floundered there. With five casts at the ready, this Carmen can expect a good long stay.

Brook's condensation of Bizet, worked out with Luis Bunuel's long time collaborator, Jean-Claude Carrière, thrusts the characters past the cigarette factory and into immediate intimate contact. While Micaela has been transformed from a breath of purity from the mountains into a suitor for Don Jose, he is no longer a dignified corporal waiting to be defiled and seduced by Carmen, but already half way to his downfall on their fateful meeting. With a familiar-looking Persian carpet, Lillas Pastia's tavern is the scene of a Keystone Kops encounter where Euniga is thrust behind a door when Jose arrives.

Reduced to seven characters the production makes a virtue of necessity by squeezing all the sensuality and intimacy of the opera into scenes that, on the naked stage with the characters pushed nearly into the audience's lap, demand convincing acting. This was fully provided on the night I saw it by Hélène Delavault as Carmen, Howard Hensel as a seedy Don Jose, Jake Gardner as the bullfighter, Escamillo, and Andreas Katsulas as a comic Lillas Pastia.

Missing in the score arranged by Marius Constant is all the ensemble music of the cigarette girls, the card-scene, the smugglers and the bullring, but in its place is the vigour of individual performances more expected of theatre than opera.

Though reduced to four voices, the production emphasizes the singing of real emotion, thanks in part to a 14-instrument band that, hidden in the wings, diffuses competition to allow a natural voice level, despite the size of the hall.

If Brook's idea was to make Greek tragedy of *Carmen*, presumably the reason for the pointed change in title to *La Tragedie de Carmen*, he has actually come closer to making it a full-blooded gypsy encampment, with Carmen a bundle of compelliog emotions and contrasting compulsions, always sexy and naughty but also young and careless of the powers of her sensuality. The cigarette factory has been reduced to her rolling one cigar along her thigh in her first enticement of Jose.

Brook introduces Carmen's husband in an eerie scene in which an old gypsy lights four fires round a confrontation that gives Jose the chance to notch up one more killing before the climactic bullfight. Here, Escamillo is dressed in the only flamboyant costume of the whole troupe as part of a separateness that gives him a dignity and autonomy the others lack. It is a gesture to the world beyond the limits of the otherwise perfectly adequate context defined by the characters themselves, and though it falls short, the failing is shortly forgotten in the rivetting final scene. Jose lunges his knife into Carmen when they have taken to the road and grovel before the fate that the tarot cards and Peter Brook have meted them.

ENERGY REVIEW

King Coal and the Ulster connection

By Maurice Samuelson

ONE WOULD have thought Mr Ian MacGregor has enough problems without adding Northern Ireland to them.

In fact, the Ulster energy market has been exercising the National Coal Board for many years and its new chairman has been anxious to study the problems at first hand. His initial views are likely to be known shortly.

The main problem for Northern Ireland, as for Ireland as a whole, has always been its paucity of indigenous fuel. Having almost no local coal, its electricity industry has not yet ended its dependence on oil, to which it switched in the 1950s and 1960s, and, in consequence, has to be heavily subsidised.

In 1982-83, the Government paid the Northern Ireland Electricity Service (NIES) a subsidy of £54m to enable its electricity prices to be held near the level of those in England and Wales.

A long-founded grievance of the Ulster population has been that it has not enjoyed the

Ulster's grievance over North Sea oil benefits

direct benefits of Britain's North Sea oil and gas discoveries. While most houses in the rest of the UK enjoy the luxury of natural gas-fired central heating, Northern Ireland's gas is made from expensive naphtha and only a handful of homes, mostly in Belfast, have gas central heating.

Britain's coal industry has, therefore, naturally regarded Ulster as a soft market in which to demonstrate its slogan that "coal is the fuel of the future."

However, a close-up view reveals that the Irish energy map, like its political counterpart, is far more complicated than when seen from afar.

For although the province is poor in total energy resources, it enjoys a remarkable plethora of schemes for ending this situation—and coal is not the only contender.

The alternatives considered in recent years include an electricity cable link with Scotland, a natural gas pipeline from the Irish Republic, conversion of a major oil-fired power station to coal, and the exploitation of Ulster's deposits of lignite (brown coal).

The Coal Board's main objective is to ensure that the Northern Ireland Electricity Service reverts predominantly to British coal. It also hopes to encourage similar conversions by factories and to hold as much as possible of its large domestic market in Ulster.

The case for the electricity industry phasing out oil rests mainly on the fact that of the Northern Ireland Electricity Service's 2200 Megawatts of generating capacity, 1960 Mw is oil-fired, most of it new. The only coal burning plant is the 25-year-old Belfast West power station, which operates efficiently only at base load.

The Coal Board's wish to become the NIES's main fuel supplier has focused for the past decade on the large unused oil-fired power station at Kilroot, on Belfast Lough. Its conversion to coal could increase NIES's coal consumption from a current ½m tonnes a year to 1.2m, which the Coal Board would like to supply from new mines in Scotland.

Planned as a 1200 Mw station, with four 300 Mw generating sets, Kilroot stands as an expensive monument to the days of cheap oil. Although its first two generating sets have been installed, the NIES has not installed the second pair and


Ian MacGregor, NCB chairman: seeking Ulster markets for Scottish coal

has been trying—so far without success—to find buyers for them in other parts of the world.

Early last year, Argentina seemed the likeliest customer for the boilers, built by Northern Engineering Industries, and the turbine generators, built by General Electric Company. But the outbreak of the Falklands conflict left the negotiations in mid-air and the equipment still stands outside the power station awaiting a buyer.

The capital cost of converting two of the Kilroot generating sets to coal has been estimated at £70m. Although the NIES has regarded this as its favoured option, the Government has been reluctant to sanction this scale of investment. So far, the debate on Kilroot has been conducted at a subdued level. But if Mr MacGregor adds his influential voice to it, it could attract growing public interest.

If Kilroot is adapted to coal, the NCB would hope to more than double its sales to the NIES. The two organisations have already agreed in principle that the coal would be supplied from Ayrshire at a price related to the international market, but also taking into account the proximity and security of supplies from Britain.

The coal would probably come from open cast workings, and improvements would be made at Ayr harbour. Initially, the Government reacted positively to the conversion plan, but has now become more cautious.

The question of Kilroot has been thrown into sharper relief by two other developments. These are the emergence of large reserves of lignite, as an alternative power station fuel, and the Government's support for a £150m pipeline to import natural gas from the Republic.

The NIES is seriously interested in the prospects of burning the 100m tonnes of proven reserves of lignite to be found on the edge of Lough Neagh. Although it has a lower calorific value than coal, it has the advantage of being within easy reach. (There are also another 400m tonnes under the bed of the lough.)

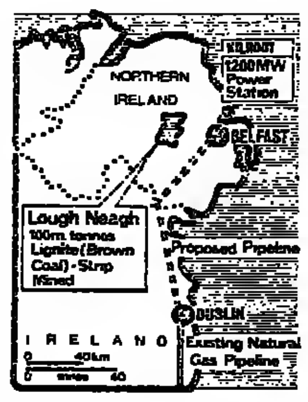
Another factor in its favour for the present Government is that it would be exploited by private industry. Burnett and Hallamshire Holdings, the minerals extraction and handling group, has a licence to work the Lough Neagh lignite and is believed to have been lobbying intensively at Cabinet level.

Instead of trying to dismiss lignite out of hand, the Coal Board is likely to argue that it can only be regarded as a long term asset on the Northern Ireland electricity scene and that while the first phase of Kilroot could be burning coal within four years, a specially built lignite plant could not be working until about 1993.

For its part, Burnett and Hallamshire says the lignite could be used in existing Belfast power stations, but the NIES would prefer it to be burned in a purpose-built plant away from built-up areas.

Natural gas from the Republic will not compete directly with coal, since at present, gas accounts for only 3 per cent of the total energy used in Northern Ireland and the imports from the South would still raise this only to 12 per cent. The Coal Board, however, fears that major expenditure on the pipeline could enable the Treasury to say there was no cash available for converting Kilroot power station.

For this reason alone, it is likely to fight a stiff rear-guard action against the scheme, which was agreed between the UK and the Irish Republic early last month. One objection to the gas project is that whereas the present Northern Ireland



coal trade is efficient and privately run, the Northern Ireland gas industry had to be subsidised by £12m a year; if coal had had the same subsidy per therm as gas, house coal could have been given away free.

Another objection, being made far more discreetly, is that the British Government's go-ahead for the gas pipeline appeared to have been politically motivated by Mrs Margaret Thatcher's wish to inject some progress into her dialogue with the Republic's Prime Minister.

The NCB's biggest existing stake in Northern Ireland, meanwhile, remains its 1m tonnes a year sales to the domestic market. Of the province's 460,000 homes, about 320,000, or 69 per cent, use solid fuel for their main heating, and 400,000 burn some coal.

In the 1960s, domestic tonnage was falling steadily and might have dropped below 700,000 tonnes had it not been for a major deal with the Province's Housing Executive which controls more than 180,000 homes.

The subsequent improvement resulted from the lack of effective competition from gas and from the efficiency of Northern Ireland's coal importers and distributors.

In the past three years, the NCB has faced competition from American coal marketed via the Irish Republic. Had this competition succeeded, the NCB could have lost the Northern Ireland domestic market in the way that it lost much of the market in the Republic 25 years ago.

The NCB has so far held its ground by reducing its price and entering into exclusive contracts with two major Northern Ireland distributors, with the result that the trade has remained tied to British coal.

In contrast with its domestic market, the NCB's industrial market has declined drastically, as a result of closure or contraction by its customers. This year, sales are expected to be down to 50,000 tonnes from last year's 72,000 tonnes.

Coal, with the same subsidy, could be given away

As in the rest of the United Kingdom, the NCB is trying to encourage factories to use coal instead of fuel oil and believes the market could eventually rise to 300,000 tonnes a year. With all the UK, Northern Ireland and EEC grants and loans available, the NCB claims that an industrial convert to coal would have to find only 2½ to 5 per cent of the capital cost.

There are two main hindrances—the widespread lack of confidence in any kind of capital investment in the province and the prospect of local lignite as an alternative fuel.

CHARTER

Charter Consolidated P.L.C.

Consolidated profit and loss account for half-year to 30 September 1983 (unaudited)

	Half-year to 30.9.1983 £000	Half-year to 30.9.1982 £000	Year to 31.3.1983 £000
Turnover of industrial and mining subsidiaries (note 1)	293,722	206,833	409,279
Operating profit of industrial and mining subsidiaries (note 1)	5,265	8,327	14,767
Income from investments			
Associated companies	2,107	2,301	7,458
Other investments	2,131	5,806	10,260
	4,238	8,107	17,718
Share of retained profits of associated companies (note 1)	2,943	5,856	10,698
Surplus on realization of investments (note 2)	15,709	4,500	9,252
Interest receivable	4,279	4,317	8,556
	32,434	31,107	60,991
Deduct:			
Administration and technical expenditure	3,510	2,696	5,781
Prospecting expenditure (note 3)	(817)	631	1,821
Interest payable	7,692	3,501	7,487
	10,385	6,828	15,089
Profit before taxation	22,049	24,279	45,902
Taxation (note 4)	2,761	7,059	9,219
Profit after taxation	19,288	17,220	36,683
Deduct:			
Minority interest	(1,615)	1,244	1,738
Profit sharing scheme	–	–	54
	(1,615)	1,244	1,792
Profit attributable to Charter (note 2)	20,903	15,976	34,891
Earnings per share	19.9p	15.2p	33.2p
Interim dividend of 3.75p per share (previous year – 3.75p)	3,943	3,941	

NOTES:

1. (a) The turnover and operating profit of the industrial and mining subsidiaries other than Anderson Strathclyde (Anderson) is for the six months to 30 June 1983. The results of Anderson are included for the six months to 30 September 1983. The comparative figures include the group share of Anderson's results as an associated company. As from 1 April 1984 all group companies will account to 31 March.
   (b) Anderson's 51 per cent owned United States subsidiary National Mine Service Company made an operating loss of £2,670,000 which together with exceptional redundancy costs in the United Kingdom of £1,186,000 reduced Anderson's overall operating profit by £3,856,000.
2. The surplus on realization of investments in the six months to 30 September 1983 includes the profit of £12.0 million before tax on the disposal of certain shares in The Rio Tinto-Zinc Corporation (RTZ) which were held as portfolio investments. Profits of £41.2 million net of tax on the disposal of long term holdings in RTZ and Minerals and Resources Corporation will be included under extraordinary items which are dealt with in the accounts for the full year.
   Johnson Matthey has recently announced losses arising from the rationalization of its United States jewellery operations. Charter will account for its share of these losses as an extraordinary item as at 31 March 1984.
3. Prospecting expenditure in the six months to 30 September 1983 reflects the recovery of past expenditure arising on the disposal of the major part of the group's direct interests in North Sea oil exploration in exchange for shares in Charterhouse Petroleum.
4. Deferred tax has not been provided in respect of assets acquired under finance leases to third parties because the directors consider that a liability for tax is unlikely to arise, having regard to the ongoing level of leasing business.
5. The information shown above in respect of the year ended 31 March 1983 is extracted from the full annual accounts for that year which have been audited and filed with the Registrar of Companies. The report of the auditors on these accounts was unqualified.

Interim dividend

The directors have declared an interim dividend of 3.75p per share payable on or about 5 January 1984 to shareholders registered at the close of business on 9 December 1983 and to persons presenting coupon no. 38 detached from share warrants to bearer. The dividend will carry a tax credit of 1.60714p per share.

by order of the board
D. S. BOOTH
secretary

29 November 1983

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Wednesday November 30 1983

A European self-portrait

POLITICAL LEADERS must respond as much to popular perceptions as to facts. Herein lies the mounting value to them of the series of international polls on the attitudes of the Western peoples to their security, conducted by the Atlantic Institute. These polls track the evolution of popular attributes to security faced by governments within the Western alliance—and the evolution is disturbing.

Contact

The first impression that emerges from the latest poll is of Europe's evaporating faith in its American ally. In every European country except Great Britain the number of people who believe that Western security is best safeguarded by effective co-operation between Europe and the U.S. is on the decline. There is mounting suspicion in Europe of the U.S. military build-up, while the matching suspicion of the USSR remains static, though still at a higher level.

The poll shows European opinion swinging markedly in favour of dialogue and contact with the Soviet Union, coupled with productive negotiations on arms control. This revived thirst for détente—in a climate of suspicion and tension between East and West—is particularly evident in West Germany and Great Britain. West German opinion is also outstanding in its loss of enthusiasm for co-operation between Europe and the U.S. and in its lack of concern about neutralism or pacificism in Europe.

Concern

The mounting desire in Europe and the U.S. for dialogue with the Soviet Union and for effective negotiations on arms control are not in themselves worrying; we have long argued for every effort to sustain the latter, and have been a stronger supporters of economic contacts between East and West than the present U.S. Administration. The growing sense of alienation between Europe and the U.S. cannot be anything but a pity, because both still have many more interests and values in common than differences to argue about. Equally, the two sides cannot paper over emerging rifts in their view of the world, and we have argued that European governments should respond to this uncomfortable development by working more closely together on matters of defence and security.

What makes the poll depressing is that it shows no desire for greater Western European cohesion to compensate for the estrangement from the U.S. Interest in European defence collaboration is shrinking all over Europe, as is concern about European unity in general. Since the last poll, the ideal of economic unity in Western Europe has lost an eye-catching amount of support among the peoples of every EEC country except the UK. The falling enthusiasm here of France and West Germany is particularly notable.

The impression of a return to small nationalism is heightened by the apparent popularity of trade protection to preserve jobs. Only the Dutch, with one of the highest rates of unemployment in Europe, remain convinced that the prosperity of their open economy is best served by preserving free trade.

Findings

The poll suggests that it is a rather uncohesive and visionless Europe which now feels inclined to explore the good faith of the Soviet Union. And the irony is that Americans are much more enthusiastic about Europeans getting their act together than are the Europeans themselves. The poll shows a clear surge in U.S. interest in European defence co-operation and economic unity.

The Atlantic Institute's findings should give the European heads of state a wider perspective as they come together in Athens to argue over milk and money. A vulnerability and aimlessness has crept into popular attitudes in Europe which can only be corrected by strong and imaginative collective leadership.

Cut-price deal for early leavers

ANY ATTEMPT by the Government to remove some of the inequity from Britain's defective occupational pensions system might be thought to deserve a modest cheer. Yet it is hard to raise much enthusiasm for yesterday's consultative document from the Department of Health and Social Security on protecting the rights of so-called early leavers.

The Green Paper boils down to a set of proposals for legislation to shut the stable door long after the horse has bolted. Those whose pension rights have been eroded through redundancy or a change of jobs during the great inflation of the 1970s have incurred an irrevocable loss. And they may now have to pay a further price to procure a more equitable sharing of benefits between the early leavers and long stayers of the future.

Revaluation

The chief proposal is that final salary pension schemes should be statutorily required to revalue deferred pensions of future early leavers by the lesser of 5 per cent a year or the rise in retail prices.

The legislation will apply to those leaving after an appointed day. But the Government has asked for comments on whether to fix an earlier date fo revaluation, perhaps in 1984, leaving the legislation to be drafted with retrospective effect. There are also proposals to ensure that where employees transfer from one scheme to another, the scheme actuaries will certify that the transfer values are no less valuable than the preserved benefits increased in line with the new legislation. The question of personal portable pensions, meantime, has been relegated to Mr Norman Fowler's wider inquiry into pension provision.

The basic revaluation requirement, for which the Government claims to detect a clear consensus, is not unlike the majority recommendation of the Occupational Pensions Board on the preservation of deferred pension rights. It is thus open to the same criticisms: 5 per cent is an arbitrary figure and the early leaver is dependent on the goodwill of the former employer when inflation exceeds that level.

Where the new dispensation differs is in opting for revaluation in line with prices instead of earnings up to the 5 per cent ceiling. This is justified on the ground that many schemes, particularly in the public sector, already revalue in relation to prices.

Since earnings have tended to rise faster than prices the Government's uncharacteristic enthusiasm for public sector practice on this score will probably be seen as a sop to employers. A more important criticism is that it makes no sense, when seeking to eliminate inequity between early leavers and long stayers, to introduce a new inequity: if prices and earnings diverge, one or other will suffer a relative penalty.

Subsidise

Moreover, the question of how the new deal is financed is highly complex. The Government Actuary has estimated that increasing early leavers' benefits on a 5 per cent basis could, on certain assumptions, increase contributions by between 1 and 2 per cent of payroll. Others suggest that the required increases could be as much as a fifth of present contributions. This is because the whole occupational pensions structure is now predicated on robbing early leaving Peter to subsidise long-staying Paul. The promise of a pension equivalent to a full two-thirds of final salary in the better schemes can only be fulfilled for a small minority on the basis of present funding levels.

The Government has concluded that employers and employees may prefer to take reduced pension rights rather than face extra contributions. And it is seeking views on whether any relaxation in the conditions laid down in the 1975 Social Security Pensions Act for contracting out of the Government's scheme should be relaxed to permit restructuring of this kind.

This will raise a howl of protest from the TUC, which has objected to any proposals that involve reduced benefits. But in practice something has to give; and the cost of improving the relative position of early leavers in future will be determined by a mixture of collective bargaining and managerial fiat.

This is hardly ideal and is certainly at odds with the spirit of the trust law under which most pension schemes are administered. But as long as the economic position of the fund remains dependent on private sector employers, it is hard to conjure up an alternative.

SOUTH AFRICA'S BLACKS

The shadow of the millions

By J. D. F. Jones in Johannesburg

WHITE South Africans have just voted themselves a new constitution and invited the Coloured and Indian minorities to join them under a government which promises the reform of apartheid.

They have been distinctly pleased with themselves about this, though of course there are sceptics who mutter about the Emperor's new clothes; the British Government, for instance, has rather sourly said it will wait to see what the "evolutionary change" promised by Prime Minister P. W. Botha turns out to mean in practice.

No one can be in any doubt about the testing ground for Mr Botha's reformist credentials: we are now confronting the momentous central issue of South African affairs — the future of the Black majority, its rights, its role, its development, its patience.

This week the so-called urban Blacks have been voting for their own town councils, which are an important part of new-style apartheid. Equally dramatic, the Government has launched its "Sale of the Century," offering 350,000 state houses for sale to their Black tenants in the townships.

Third, Pretoria has at last responded to a major reformist initiative in the field of education known as the De Lange Commission report.

The response was not what the reformists had been hoping. South African education is to remain radically divided, though there are promises of equality in that separation. All in all, the Blacks have taken the centre of the stage.

Of course, that is how it has to be. In the end everything in South Africa comes down to simple numbers. Today there are just 4.5m Whites living affluently and sometimes apprehensively at the tip of a decolonised continent. There are less than 3.5m Coloureds or Indians, whose allegiances are unsure. And there are about 22m Blacks.

The white birth rate is getting close to zero growth and immigration hardly makes an impact. So, in the year 2000, it is forecast that there will be 5m Whites and 37m Blacks. But the Government's attention is focused not so much on the size of the total Black majority as on the *urbanised* Blacks.

Today there are about 6m Blacks in "white" urban areas and there are a further 5m urbanised Blacks in the ethnic "homelands." The Government's own experts estimate that at least another 15m Blacks will move into the urban areas by 2000. Three-quarters of all South Africa's Blacks in 2000 will be "urbanised."

They will move to the towns, and to the edges of the towns, because the white-led economy needs them, because industrial decentralisation programmes have only limited success, because the barren homelands cannot support them, and for all the other reasons that make urbanisation a feature of Third World development. But with numbers like these there is a very basic question pre-occupying South Africa's politicians, officials and academics — that is literally, where to put them all. What to put them in.

An elaborate example of a do-it-yourself shack, built by a homeless Black on the Cape Flats

Present policy is far from clear. And the confusion has recently, with some justice, been inflicting damage on the career prospects of the Minister responsible for the Blacks. Dr Piet Koornhof, who has once too often protested his abhorrence of the pass system while presiding over its enforcement. Under this system every Black has to carry a reference book establishing his right to be in white areas.

Unfortunately for Dr Koornhof, and for South Africa's image in the world, the "pass" continues to stand at the very heart of the "influx control" system which is itself the basic mechanism of apartheid.

Influx control should not be confused with the arrangements attempted elsewhere in the world to check the problems of urbanisation. It is in essence a racially-based apparatus, whether it evicts African peasants who want to go to Cape Town or Indians who, even today, are not allowed to stay in the Free State.

The operation of influx control — which means the restriction of free movement of blacks — remains as important today as ever. But there have recently been some important challenges to, and amendments of, the system.

To simplify an extraordinarily complicated subject, black South Africans can only live permanently in the (white) towns if they have "Section Ten" rights. Section ten—whose legal phrases can be recited verbatim by many Blacks because the precise terms are so important to them—refers to such things as proven birth in a prescribed white area, unbroken employment with one company for ten years, different jobs in one area for 15 years, etc.

The daily skirmishes that take place between the bureaucrats of apartheid and the black population, conducted in the Administration Board Offices, Black Sash advice centres, and of course the courts and prisons (there were 200,000 pass law convictions last year) are conducted in the jargon of Section Ten.

In the past year or two there have been three major victories in the courts for the opponents of Government policy—victories which will go down in the history books under the names of Messrs Rikhoto, Komani and Maluleka. The effect of these cases has been to increase the number of blacks and their families who qualify to live in the towns. Pretoria's response has been to procrastinate, to obstruct, reluctantly to accept, and now, it seems likely, to bring in new legislation to overturn at least some of the court rulings.

Moreover, Dr Koornhof has up his sleeve the curiously-named Orderly Movement and Settlement of Black Persons Bill, whose object is clearly to tighten the obstacles to the Black presence in the towns (for aexample a Rand 5,000 fine for an employer who hires an "illegal" worker, or R500 for accommodating an "illegal" visitor).

This Orderly Movement Bill is a good example of the contradictions in present policy because it was introduced at the same time as a couple of reformist bills. Its fate is going to be a good test of reform-in-action, *because it has been held* back for reconsideration and presumably will, or will not, be presented early in next year's Parliamentary session.

The point is that these manoeuvrings are being conducted in the shadow of sheer black numbers — and the inevitability, admitted now even by Pretoria, that whatever they do, like it or not, the Blacks are moving into the towns. Like King Canute, Dr Koornhof and his colleagues are often misunderstood because they, unlike some of their subjects, know that whatever they may command the tide is coming in.

Take Soweto, the famous black sister-city outside Johannesburg. No one really knows how many people live in Soweto but the West Rand Administration Board (WRAB) estimates it at 1.2m. Some people believe it is far more. WRAB has built 3,600 houses in the past four years and plans 25,000 more for the next three years, costing over R500m. It is just completing a massive electricity system costing R250m — possibly the biggest such domestic project in the world, says WRAB director Mr *John Knoetze. But even after* expansion on this scale, and adding extra rooms to the little houses, Soweto cannot officially accommodate more than 1.5m people, which doesn't begin to match with the size of the problem.

Hence—the details are not *clear—South Africa is* beginning to plan for a whole series of new Sowetos, Black cities holding ½m people each and as you drive through the Republic you sometimes glimpse their beginnings in the Veld. There is Ekangala on the East Rand, for example, or a site 50 kilometres from Bloemfontein *and* even the controversial Khayelitsha, 30 kilometres from Cape Town, where 200 corrugated-iron sheds bidden in the sand drifts of the Cape Flats are today the seeds of a brand new township, complete with a single access road and perimeter fences, for 600,000 Blacks.

In parallel, the long-standing policy of clearing "black spots" goes on, apparently unqueried. A definitive report has worked out that no less than 3.5m people have been "re-settled" since 1960, often in conditions of great hardship, so that the maps can be re-drawn along ethnic divisions. It appears that "reform" will have no quarrel with this.

On the other hand and very much a manifestation of reform, the Government has reversed traditional policy and is offering ½m houses (350,000 of them for blacks) for sale at discounts of up to 40 per cent. The tenant of a matchbox house in Soweto can buy the 99-year lease for a mere R1,400.

Surprisingly, the "Sale of the Century" is not going as briskly as one might have expected. The latest figures for Soweto are 589 houses sold out of 82,000 available. But the sale lasts till next July and things may pick up.

At least it is confirmation that *the Government agrees* the black inhabitants of Johannesburg are here to stay. So are these newly-dubbed "permanent urban residents" going to have any control over their own affairs? Anything that can be described as democratic political rights?

Throughout the referendum campaign the Prime Minister kept insisting that there was no place for Blacks in the new parliamentary structure. Optimists here may disagree but there is no good reason to disbelieve him. The Government has all along insisted that the Blacks must content themselves with political rights in their own homelands, to one of which they are told they all belong according to their tribal classification. This is a policy which is passionately rejected by very many South African Blacks, particularly in the towns.

Yet this week the Blacks have been allowed—urged—to vote. Not, of course, for parliament, nor for their homeland governments, but for 29 new Black municipal councils which are part of the reform agenda.

The powers that have been allocated to these councils are not to be sniffed at—they are similar to white municipalities—though it is fair to question whether they will have the financial resources to cope properly with their new responsibilities.

Nevertheless, there is a powerful boycott movement which, if it succeeds, will go far to diminish the Government's new policy. The Government may put a good face on a low popular poll and will certainly press ahead with the new system however low the vote, but it will hardly be able to convince itself—let alone the world—that it is on the right course.

Soweto, which votes on Saturday, is the election that matters. Mr Knoetze predicts a "reasonable" poll, which he defines as about 25 per cent.

The ultra-reformists say that this is just a beginning. They speculate about linking the Black urban voter to homeland constituencies, or they predict Black city-states which will somehow belong to a wider national confederation.

Mr Botha knows that he, or his successors, will have to think up some system which can offer a minimal satisfaction to this ever-increasing, ever-better-educated, ever-more-frustrated black *majority*. The alternative, as his predecessor once said, is too ghastly to contemplate.

Men & Matters

Slice of action

The beady world of EEC diplomacy was yesterday engrosed in the war of the pineapple slice. "We're fighting to keep our pineapple slices, but we are prepared to give up some of our quota on chunks," British Minister of Trade, Paul Channon, reported from the front.

He was about to enter a negotiating session on the generalised *system* of preferences, the EEC's tariff concessions to poorer countries to help increase their manufactured exports.

Pineapples are a sensitive issue. The EEC has a quota each year of 28,560 tonnes for slices, and 49,500 tonnes for chunks. The problem is that the German appetite for slices appears insatiable. Each year they want a bigger slice of the quota, so to speak.

But, just as consistently, the French every year refuse to allow the total to be increased. So if the Germans want to eat more, somebody else's quota has to *suffer*.

The most the British are prepared to concede is 500 tonnes. "We're fighting the French on this," said a spokesman, searching for a formula which would change a chunk into a slice.

"Wouldn't it make more sense if the lettering was very small?"

In funds

John Birch, aged 38, and Marcus Johnson, aged 32, have achieved a comfortable position of owning 6½ per cent each of a new business handling £450m of investment funds where they will be the joint executive *directors*.

Premium Management Ltd (PML), which will start in January, is intended to be the vehicle through which Birch and Johnson will provide insurance companies and Lloyd's syndicates with an investment portfolio management service.

Both have achieved reputations for shrewd investment during their relatively short City careers.

But they would not have been able to launch a company with *such financial* muscle *from Day* One had it not been for help from their present employer, the Alexander Howden group.

With an eye to the divestment rules for Lloyd's brokers and underwriting interests, and hopes of selling investment capability to other bodies, Birch and *Johnson* are basing their new business on what has been until now the investment department of Howdens.

Birch is the equities man of the duo. A one-time actuarial trainee he cut his teeth as an investment analyst with L. Messel, stockbrokers, and then five years with Edinburgh Fund Managers as the manager for British and European investment.

Johnson, whose passion is fixed interest investment, spent five years in the gilt edged department of Hoare Govett before joining the Howden investment department in 1977.

A month before banging up their brass plate they are making two predictions: "The gilt market will change dramatically" and "We should add £100m to our *portfolio* in the first year." No lack of confidence there.

Flower power

Here is an item to fire the ambition of gardeners as they settle down with their seed catalogues.

The biggest chrysanthemum in the world—with at least 688 flowers—has been grown at Fondettes in France, in the glasshouse of Francois Santini, head of a local fertiliser company.

A year ago, the plant was *just a 10 cm shoot.* Now it is 1.83m high and 5.47m round.

Santini, who grows flowers for pleasure, aims to make the chrysanthemum a true ornamental flower in France and help shed its image as "an ornament only for the cemetery."

Last year, Santini took the world record with a plant of 400 blooms. His secret is heavy pinching out of top shoots to make the plant bushy, and carefully metered doses of fertiliser. Overdosing with water or fertiliser will kill the plant, he warns.

Santini has set himself a target of a 1,000-flower plant. "After that, I'll stop," he says.

Political scene

Though a bit too late to rival Ronald Reagan's record, Giulio Andreotti, the 64-year-old Italian Foreign Minister, is to make his debut shortly as an actor in a comedy film called "Il Tassinaro" (The Cabbie).

Having filled the role of Italy's Prime Minister no fewer than five times, Andreotti is to appear in the back of a taxi caught in a Rome traffic jam. The film, which stars Italian comedian Alberto Sordi, is about the rough and tumble world of Rome taxi drivers. Sordi, a kind of Italian Frankie Howerd, plays an opinionated *taxi driver who discourses on* contemporary human trends, fashion and politics.

The film is due to be released at Christmas and probably will not do any harm to Andreotti's fun-loving image. The actress who revealed his move into films, Silvana Pampanini, a *1950's heart-throb*, says that in his brief but important role Andreotti "lives up to his reputation as a very funny man."

Does his appearance have anything to do with his reported aspirations to become the next President of Italy?

Over at the Italian Foreign Ministry, the diplomatic response was "no comment." A deep sigh followed. "But I suppose we will all be obliged to go and see the film when it comes out."

Sticky sales

Singapore has warned it may become the first country to ban chewing gum completely following a ban on radio and tv ads for the confection. The job of removing old gum from the walls and floors of housing estates there is reckoned to cost the *state* some *U.S.$ 75,000* a year.

The local subsidiary of the American Wrigley company has chosen attack as its best form of defence.

"The habit is good for you" insists Wrigley man Peter Tsang. "If women chew gum for five or six minutes a day they'll get fewer wrinkles because of the exercise of facial muscles. Also studies in the U.S. have shown that gum chewers are less likely to fall asleep when driving."

Observer

FOREIGN AFFAIRS

Hard truths for Hong Kong

By Ian Davidson

THE MOST interesting thing about the British-Chinese negotiations over the future of Hong Kong, which resume in Peking next week, is their total lack of suspense. The impenetrable secrecy of the proceedings, and periodic indications from the Chinese side that things were not going well, have projected an air of drama which has been reflected in the gyrations of the Hong Kong dollar and depression in the Hong Kong property market.

But on the final outcome of the negotiations there cannot be, and has never been, any serious doubt; in 1997, at the latest, Peking will recover sovereignty over the whole of Hong Kong.

At the beginning of the negotiations, 12 months ago, it looked—though one cannot be sure, because of the secrecy—as if Mrs Thatcher's Government hoped to finesse this outcome by some arrangement extending beyond the expiry of the 99-year lease for the New Territories, which was signed in 1898. In recent weeks, to judge from the sunnier tone of the joint communiqués issued after successive rounds of talks, it would seem that the British negotiators have moved much closer to admitting that sovereignty may have to be ceded on the due date (if not before), provided that adequate safeguards are built in to ensure the "stability and prosperity" of Hong Kong. But there is still some way to go before they concede the inevitable.

There are a number of reasons why the cession of sovereignty is inevitable. The first is that the Chinese Communist regime does not recognise, and has never recognised, the validity of the 1898 treaty, nor the treaties of 1842 and 1860 by which Imperial China ceded sovereignty in perpetuity over Hong Kong island and part of the Kowloon peninsula. Accordingly, the Peking regime has never agreed to discuss the question of sovereignty, even over Hong Kong island and Kowloon, as a negotiable issue.

At times, Peking leaders have indicated that China respects the significance of 1997 as a historical fact. They do not say they respect its legal basis, but claim that sovereignty over the entire colony is already China's: all that remains is to recover it at the appropriate time.

The second reason why China could make no concession on the question of principle is that Hong Kong is of crucial symbolic importance for the wooing of Taiwan. To agree to anything short of complete sovereignty over Hong Kong would be tantamount to abandoning such hope as there is of recovering Taiwan. If Hong Kong can be recovered in conditions which seem likely to guarantee its stability and prosperity, and thus its way of life, so much the better. But on grounds of principle, Hong Kong's prosperity is less important to Peking than sovereignty.

The third reason is that Mrs Thatcher's public insistence on the validity of the 19th century treaties, which did so much to irritate the Chinese, is in effect an admission that Britain has no legal basis for demanding an extension of sovereignty over the New Territories beyond 1997. If that treaty is valid, then that is the date when it expires.

The two other treaties may or may not be valid in perpetuity. But nobody seriously argues that Hong Kong island and Kowloon are viable without the New Territories, which constitute about 90 per cent of the surface area of the colony. The future of all three areas is indissolubly linked.

Finally, Britain has no effective bargaining leverage with which to persuade the Chinese to change their minds. Militarily, the colony is not defensible, certainly not by a handful of Gurkhas. In any case, the Chinese would not need to resort to military force: they could just turn off the water and the food.

In the last resort, Britain's only negotiating argument has been one based on a British interpretation of China's national self-interest. It is a fact that Hong Kong, through its imports of food, has been a major source of China's foreign exchange earnings. It may also be true that Chinese Communists are ill-equipped, by ideology or experience, for running Hong Kong's capitalist system. But to argue from that, as British negotiators were arguing, that China cannot run it properly without British help, is a proposition which, even if true, is bound to seem insulting.

Mrs Thatcher in Peking last year.

Moreover, if the Chinese had, against all the odds, shown any interest in a continuing British administrative role in Hong Kong after the transfer of sovereignty, it would have been a poisoned concession which could only have proved a cause of embarrassment and recrimination on both sides. However extensive and tolerant the agreed arrangements for local autonomy, sooner or later issues would arise on which Peking would decide to impose its sovereign authority against the will of British administrators.

Fortunately, Britain now seems to have abandoned this claim.

But if Britain has no bargaining cards, if the transfer of sovereignty is unavoidable, and if Britain can retain no role after the transfer of sovereignty then what, it may be asked, is the purpose of the negotiation?

The cynical answer is that it is a learning process for Mrs Thatcher, who may not have been fully aware of Peking's political views, as well as a learning process for Peking officials, who may not have been fully aware of the practical problems of sustaining a stable symbiosis between a capitalist Hong Kong and a Communist China. But there are other answers as well.

The Chinese know that they can recover Hong Kong any time they choose; but what they want is overt British action acknowledging Chinese sovereignty. Not merely is Mrs Thatcher being asked to kowtow to the Middle Kingdom — not something which will come naturally — but she will have to get Parliament to endorse the return of sovereignty over Hong Kong island and Kowloon.

Hence the British interest in securing Chinese pledges on the future: it will be much easier for the Commons to concede the principle of sovereignty if life in Hong Kong seems likely to continue much as at present. That prospect has been improved by recent indications from Peking, not merely that Hong Kong will remain capitalist, but that it will be administered by locally elected Hong Kong residents.

The crucial question is what weight will be put on such promises by the people of Hong Kong, many of whom are refugees, or the children of refugees, from Communism. The more they doubt the long-term validity of Peking's promises, the more they will be inclined to look for alternative accommodation.

On the face of it, the chief beneficiaries of the present system are liable to be the most sceptical. Even if the present Peking leadership sincerely wants Hong Kong to be rich, its successors may feel differently: consistency of policy has not been characteristic of China under Communism. The more the professional classes, with internationally tradable skills, look for homes elsewhere, the more they are likely to be replaced by officials from the mainland.

The main fear from Britain's point of view is that scepticism could reach the point where large numbers of ordinary Hong Kongers try to get out. The entire purpose of the British Nationality Act, which came into force this year, was to exclude 3m potential or actual passport holders from right of entry to Britain. In practice, some moral responsibility could not be evaded if there were a flood of Hong Kong boat people on the high seas. Yet Britain will be powerless to ensure that China carries out its promises after sovereignty has been transferred.

The significance of the negotiations extends beyond Hong Kong to two other British colonial relics: the Falklands and Gibraltar. Peking has set a deadline of September next year; by then, Mrs Thatcher may have to admit what has hitherto been concealed, that Hong Kong will be transferred to China, on conditions which offer no enforceable guarantees. Even if Chinese promises are entirely trustworthy, they may not seem so to some backwoodsmen in the Commons.

If Spain can join the European Community, and therefore remain in Nato, it may be much easier to resolve the Gibraltar problem. The conditions for handling the Falklands problem have already been vastly improved by the ejection of the Argentine junta and the restoration of democracy. But the prospect of political embarrassment over the Hong Kong leasehold may go far to explain, over and above her natural reflexes, Mrs Thatcher's insistence on the principle of self-determination for these freehold properties.

The world's oil exporters

It's short-term policy that really matters

By Robert Mabro

A NUMBER of Opec ministers receotly met in London to discuss long-term strategies. Two schools of thought were represented. Some argued for an increase in market share through a fall in the real price of oil; others argued for revenue-maximisation through higher prices. Despite their respective merits, these two theses beg important questions.

Will a fall in the real price of oil (achieved through a freeze of the U.S. $29 marker price until 1985) significantly increase Opec's market share? Much depends on whether a price fall, on its own, can revive the world economy, and whether such a problematic revival will increase world demand for oil. There are too many "ifs" for comfort.

Will an oil price rise maximise Opec revenues in the long run as the Iranian submission to Opec seems to suggest? True, demand for oil is inelastic in the short run. But oil-exporting countries know from bitter experience that high oil prices have a significant effect on long-term elasticities, and that prices have a depressing impact both on the world economy and on oil demand in the short run. There are too many risks in this strategy.

My fear is that the "market-share" approach may prove ineffective, and that the "high price" strategy will be catastrophically self-defeating.

I am inclined to argue that the whole question of an Opec long-term strategy is not well-posed. Why speak of the need for an Opec strategy when all oil-exporting countries are in the same boat with similar interests to defend? And why discuss elaborate proposals for a long-term strategy when sensible short-term policies are required?

The common interest of all oil-exporting countries is to retain a strong degree of control over world petroleum prices. The reason is simple. The current price of oil is a very high multiple of the variable costs of production. This is the central fact of oil economics and the hard foundation stone of the producers' logic.

Producers divide into two groups. The first consists of those fortunate ones who can produce oil cheaply because their investment costs are small or because they were recouped long ago. These producers earn a considerable rent per barrel of oil sold.

The second group are those less fortunate operators who have recently spent huge sums developing fields in the North Sea, the U.S. and elsewhere. Their variable costs of production may still be relatively low, but they need to recoup large investment outlays.

One group would like to retain the rent and the other to protect its investments. Opec and non-Opec countries, as well as the industry, know that the best insurance is in the administration by producers of the price of oil.

The industry, save for some young Turks, understands this point from immemorial experience. Most non-Opec producers understand it well; Mexico by instinct; Britain because of its recent obsession with fiscal revenues and the PSBR; the Soviet Union because it has a longer and more substantial experience than any other country of the free market for oil.

> All oil-exporting countries are in the same boat with similar interests to defend.

However, the industry and the non-Opec producers are delighted to delegate the difficult and costly task of oil price administration. Opec grumbles about it, but always seems prompt to oblige.

It may not be able to do so indefinitely. The problem is that Opec has not yet devised a credible policy towards non-Opec producers. It has not yet shattered their uncritical and cosy belief that Opec can and will make all the sacrifices necessary to hold the price line.

From the producers' point of view the critical issue is the immediate one of getting their act together in order to keep the price of oil where today's slack market does not want it to be.

This leads me to the second point. Opec does not need an elaborate long-term strategy at this stage. A clear understanding of the oil producers' logic, which is to defend the oil rent through tough price administration, will suffice. For that is the perennial objective.

All attention should then turn to short-term policies aimed at stabilising prices on the world petroleum market. Opec will have to start on its own. But well-thought out strategies may induce recalcitrant non-Opec producers to co-operate.

A new approach to short-term strategies is to rethink marketing and trading policies. Exporting countries are selling too much oil through short-term contracts, pseudo long-term arrangements, spot transactions and processing deals. This tendency weakens their grip on a market already badly affected by slack demand.

They need to reverse this tendency and return to a system in which a certain volume of offtake is guaranteed under long-term contracts. The current quota arrangements, properly adjusted, would determine the volume of base-load liftings for each country. Opec, as the residual oil supplier of the world, has enormous power over the last 16-17m barrels a day of oil demand because buyers have nowhere else to go. With this power it can enforce long-term contracts for a certain volume of sales made at official prices.

Incremental output, required to meet demand in excess of the base-load liftings, could then be handled by an Opec trading agency, which would offer crudes in the same proportion as the quotas in open bids. These bids would determine price differentials at the margin.

The advantages to Opec of such a marketing system are evident. One among many is to provide Opec with a credible leverage on non-Opec exporters. The snag, as always, is to obtain agreement on a scheme which requires effective co-operation.

It is easier to talk endlessly about long-term strategies.

Robert Mabro is a Fellow of St Antony's College, Oxford.

Letters to the Editor

Independent analysis of technological decisions

From Professor D. Cameron Watt.

Sir,—Your editorial (November 21) calling for the establishment of some kind of "expert, independent analysis of major technological decisions" by government suffered from an attempt to hit three targets at once.

That there ought to be a check against institutional bias within the official decision-making process is clear. But, given the hermetic quality of official decision-making, neither a powerful Parliamentary Committee nor an independent (academic?) organisation is going to supply it.

The threat of review by such a Parliamentary Committee might induce official decision makers to go through propitiatory motions, but the disappearance of subject-bound committees, like the old Science and Technology Committee, in favour of committees limited to reviewing the work of individual ministeries has largely removed this threat.

As for independent and external organisations, someone has to fund them. The history of the Universities' efforts to break into science policy, valiant though they were and are, is not encouraging here. If the new parliamentary committees can give birth to inter-ministerial project and subject oriented sub-committees, then something might be done. Otherwise the kind of cosy civil war between departmental feudal barons and their industrial and professional retainers evident in the advance gas-cooled reactor story is likely to continue.

(Professor) D. Cameron Watt.
London School of Economics,
Houghton Street, WC2.

Cost advantage of coal

From Mr F. Noorduyn

Sir, — The supplement on *The Netherlands (November 21)* stated in the article on energy that "coal is no longer competitive with gas" and that "power station conversion from gas or oil to coal is no longer so attractive."

The simple facts are that, based on quoted market prices, since the first quarter 1982 heating oil prices have fallen by 12 per cent (heating oil taken as the marker price for gas in the Netherlands), fuel oil prices are currently at the same level as in the first quarter 1982 and, in contrast, imported coal prices (cif Rotterdam) have fallen 23 per cent over the same period. From this it can be concluded that the comparative advantage of coal over oil or gas for power generation has in fact widened over the past 18 months. On a comparable calorific basis, internationally traded coal is now 55 per cent cheaper than fuel oil of the quality usually used in power generation; the cost advantage is even greater when coal is compared to gas, assuming that gas is sold at prices reflecting its premium value.

More important than short term price fluctuations based on the current market imbalance, are long term perceptions of prices. The abundant world wide reserves of coal, and the absence of strong pressures on costs of development and production to escalate from today's levels, support the view that prices of coal need not rise significantly over the period of the next 10 to 20 years. This is recognised by public utilities in Rotterdam, Zeeland and Limburg who recently committed themselves to conversion projects from dual fired oil/gas capacity to coal.

F. M. Noorduyn.
Shell Coal International,
Shell Centre, SE1

Is there a better way?

From Mr D. Richards

Sir,—Mr V. H. Blundell's *assertion (November 22)* that "Natural resources and natural monopolies should never become private property since as soon as distributed they pre-empt the rights of following generations," may be illustrated by reference to the game of Monopoly, the virtues of which have been extolled by Mr H. Law (October 29) and Mr V. H. Watson (November 18).

Imagine the difficulties facing a latecomer who joins the game after many of the properties on the board have been purchased by other players. Clearly, there is a contradiction between freedom and equality of opportunity arising from the reality of a queue of applicants seeking a fixed quantity of resources.

Can the rules of Monopoly be rewritten, however, to enable latecomers to participate on equal terms?

Mr Blundell and Mr Law think that they can—that the goal may be achieved by requiring that the proportion of each property rent not due to the building of houses and hotels (productive effort) be re-distributed equally whenever a player (including the owner) lands on a property, and that to the extent that the property is not fully developed, the rent be the liability of the owner.

Obviously, the relations of "unimproved" to "improved" rents in the game would have to be made more realistic, the purchase values of sites removed to reflect the owners' new obligations, and the general level of site rents be made to increase as the number of players (producers) increases. Charles Darrow's assumption of massive property developments (sets of properties) may also be found to be inappropriate.

Would this reform banish the libertarian dilemma from the game of Monopoly, and from real life? Is there a better way?

David Richards.
78, Parkfields Road, Bridgend, Mid Glamorgan.

What about capital losses?

From the Chairman, Dermal Laboratories

Sir,—I imagine that the arrangement Mr Goodrich suggests on November 23 (ie treating capital gains as income) would be hailed with delight by the vast majority of earner/investors who would be able to set off capital losses against earned—or, better still, unearned—income. The Treasury, however, would be most unwilling to give up their ill-gotten gains in this fashion, since there is no way, under the present arrangement, that those loss makers who never recover their losses—and there are large numbers of investors who are permanent losers—can get the Treasury to make good their losses.

The truth of the matter is that a capital gain is a reward for taking a successful risk—just as a capital loss is the penalty for taking an unsuccessful one—and has nothing to do with income. The iniquitous capital gains tax contradicts all mathematical, economical and financial principles and, in the long run, it is self-defeating in that it is one of the chief reasons why it is so difficult to find fresh risk capital for investment and, in my opinion, is the principal reason for the stagnation of the economy.

(Dr) H. Yarrow,
Taimore Place,
Gosmore,
Hitchin, Herts.

Disunity among publishers

From Mr P. Hetherington

Sir,—Once again we witness the members of the Newspaper Publishers' Association in disunity in dealing with yet another National Graphical Association confrontation.

Your report of November 29 suggests that one of the reasons for climbing down is that certain members "do not have multi-national company resources behind them and should not take the risk of lengthy non-appearance."

I would like to suggest that the members of the NPA utilise the unexpected windfall arising from their investment in Reuters to tackle this problem once and for all.

It is vital for the survival of the industry that the new technology is introduced.

Peter Hetherington,
PO Box 4SR,
1, Hanover Square, W1.

Keeping ethnic records

From the Director, Employment Division, Commission for Racial Equality

Sir,—John Fenwick (November 24) has got it wrong about ethnic monitoring. Hard facts are the only way a firm can know whether equality is being achieved. For example, without monitoring how can a firm know how many black job applicants are coming forward, how many are being recruited, where they are in the hierarchy, or whether they are suffering disproportionately from redundancy.

The commission has heard too many employers claim, when discrimination has been found, that they did not know what was happening for it to believe that equality can be achieved without monitoring.

The keeping of ethnic records for the purpose of monitoring is not discriminatory. It is neither against the letter nor the spirit of the law. Indeed, it has been accepted as a useful and efficient tool by the civil service, Marks and Spencer, Ford Motor Company, Littlewoods, Mars, and other successful companies.

(Dr) Aaron Haynes.
10-12, Allington Street, SW1.

FINANCIAL TIMES

Wednesday November 30 1983

WORKERS PREPARE FOR MASS PICKETING OF NEWSPAPER PLANT

UK printing crisis deepens

BY OUR LABOUR STAFF IN LONDON AND WARRINGTON

THE PRINTING dispute in the UK worsened last night as hundreds of workers prepared to picket unlawfully the small newspaper plant at the centre of the conflict. The Government yesterday made clear that it would not intervene, although ministers attacked what they called the "bully boy" tactics of the union involved, the National Graphical Association (NGA).

All members of the NGA general council were expected to join the mass picketing of the printing plant, which is owned by the Stockport Messenger group of free newspapers in North-west England. NGA officials claimed that there would be 4,000 pickets by early today.

Hundreds of police have beeo brought in and Mr Eddie Shah, head of the Messenger group, said he was confident that the 250,000 newspapers would be distributed normally.

The dispute began over the dismissal of six NGA men in an argument over the "closed shop" – which requires staff to belong to a trade union. It has grown into a serious challenge to the Conservative Government's new employment laws.

Leaders of the Trades Union Congress (TUC) asked the NGA to make a final attempt at a settlement yesterday, but that failed after Mr Shah refused to leave the printing plant while pickets remained outside. Mr Shah bas employed security guards and installed beds and food in the plant to complete the week's production run.

Mr Shah announced yesterday that he had served another writ on the union for contempt of court. The NGA bas been fined £50,000 ($73,000) and £100,000 for refusing to obey a Higb Court injunction to call off the picketing, which bas been beld to be unlawful under the Government's employment laws.

The Higb Court has seized £175,000 of the NGA's assets after it refused to pay the fines. The union will appear in the Appeal Court todey to challenge the amount of the £100,000 fine. At the same time, the High Court will bear the case for injunctions sought by seven national newspapers to restrain the NGA from disrupting their production.

Members of the union last week walked out from national newspapers in protest at the court's action. Six newspapers dismissed NGA men for failing to give assurances not to disrupt production, but all except The Times and the Sun bave since resumed publication.

The Times and the Sun, both owned by the News International group headed by Mr Rupert Murdoch, have not been published since last Thursday.

Mr Tom King, the Employment Secretary, and Mr John Biffen, the Leader of the House of Commons, yesterday empbasised that the conciliation service Acas would be encouraged to try to find a way to end the dispute. Both dismissed any possibility of a Cabinet initiative to end the deadlock.

In the House of Commons, Mr King and Mr Biffen accused the NGA of preventing proper negotiations by prolonging mass picketing. They challenged Mr Neil Kinnock, the Labour leader, and Mr John Smith, the Sbadow Employment Secretary, to condemn unlawful picketing.

As the exchanges became more heated, Mr King was accused of lying by Mr Eric Heffer, the chairman of the Labour Party, when Mr King claimed to have evidence that NGA members were being paid to join the mass picket at the Warrington plant.

Mr Kinnock and Mr Smith blamed the Government for causing the dispute by introducing unworkable legislation into industrial relations.

Developing world aid 'should be better organised'

By David Marsh in Paris

LEADING industrialised countries called yesterday for greater co-ordination of aid flows to developing nations to increase economic efficiency of disbursements and cut down waste.

The recommendations, made at the close of a two-day meeting of principal aid donors in Paris, come when developed country aid flows look set to stagnate in real terms in coming years, partly because of domestic budgetary pressures.

Putting emphasis on increasing the quality of development grants 'through better alignments of aid with recipient countries' overall economic policies, Mr Rutherford Poats, a senior U.S. official, who chaired the meeting, said improved efficiency might add "a substantial order of magnitude" to effective aid volumes.

He said the increase might amount to as much as 20 per cent. Other officials said better co-ordination and less bureaucracy might boost the effectiveness of aid by 50 per cent or more.

Compared with such possible gains, discussions over increasing volume of aid in casb terms by percentage points bere and there were "peanuts," Mr Poats said.

He denied that the concentration on aid co-ordination, reflected in a communiqué after the meeting calling for "more effective use of aid," represented defeatism in the face of stagnating volumes of aid budgets.

Official concessionary aid by the main donor countries, grouped within the Organisation for Economic Co-operation and Development (OECD), rose last year by an exceptional 11 per cent in real terms to $27.9bn from $25.6bn in 1981, 0.38 per cent of developed countries' gross national product compared with 0.35 per cent in 1981.

But the leap, caused mainly by a catch-up in aid flows from the U.S., was unlikely to be maintained. Concessionary aid was likely to rise by between 2 per cent and 2.5 per cent in real terms in 1983 and 1984, Mr Poats said. Because OECD economic growth is also expected around that level or more in the next two years, aid flows in terms of gross national product might actually fall slightly.

Mr Poats said that even though several governments had given priority to maintaining or increasing aid in spite of budgetary restraint, the stagnation was "regrettable."

Even if governments were to decide on greater commitments in coming years as overall budgetary pressures abated, it would take many years for that to work through into increased disbursements.

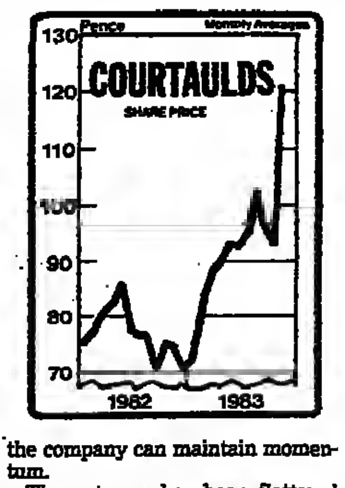
Backing up the need for co-ordination, the communiqué said aid effectiveness was sometimes impaired by donors' working in isolation rather than in concert. It pinpointed the need for greater co-operation both by donor and recipient countries and with the multilateral aid agencies.

That would include the question of fitting aid policies into overall macroeconomic strategies for struggling countries

THE LEX COLUMN

Haute couture at Courtaulds

After years of examining demand charts pointing inexorably towards zero, the UK textile industry must be jumping out of its cotton socks at all the evidence of a change in direction. Yesterday's statement from Courtaulds, covering the six months to September, confirmed that the recovery which flickered into life about this time last year is now burning strongly.



At the group level, volume growth bas accounted for only about a quarter of the 10 per cent increase in sales. But the extra throughput has been concentrated in divisions with high operational gearing and a strong bias to the UK, wbere additional earnings flow straight through to the bottom line. The upshot is that trading profits have risen 72 per cent to £54.1m while earnings per share, adjusting for the rigbts issue, have more than trebled.

Courtaulds could cruise to around £110m pre-tax this year and the dividend will at last be covered by CCA earnings. But, looking further out, the question is whether the group can sustain this kind of performance in a downturn. Even allowing for the lower trade-weighted value of sterling, the export performance – particularly in fibres and yarns – has been encouraging and there is no doubting the determination with which Courtaulds has attacked its cost base.

The way in which textile companies bave used the recession to shake out competition is shown by the performance of Courtaulds' Cellophane division and the financial condition of this company at least, rights issue aside, is far stronger than it was five years ago. With International Paint, currently playing the unfamiliar role of laggard, providing some counter-cyclical defence, the omens are encouraging.

The market was certainly in a bullish mood yesterday, pushing Courtaulds up 9p to 121p with the rest of the sector following in its trail. If things go on like this, the company will soon be able to forget all about that much vaunted U.S. diversification.

Allied-Lyons

After its rapid re-rating in 1982, the Allied-Lyons share price has tended to drift over the last 12 months. Yesterday's figures for the balf-year to September – sbowing a 22½ per cent increase in pre-tax profits to £90.5m – should ease some of the anxieties over whether the company can maintain momentum.

The outcome has been flattered by comparison with a strike-hit period in the cake business, which cost the company £3m, a year ago, while the benefit of the decline in interest rates is unlikely to be repeated in the current half. Nevertheless, Allied now looks on course to make £185m in the full year, against £159.6m.

The strongest trading growth, on an underlying basis, has been seen in the wines and spirits division, where profits are up 17 per cent in spite of a poorer performance at Victoria Wine. Britvic seems to have been turned round, while Harveys and Teachers have shown good gains, with the strength of the dollar boosting the value of exports to the U.S. Beer volume has crept up marginally in the period – in line with the market – and the good summer weather did little more than compensate for the wet spring.

The shares moved up 3p yesterday to 153p, where the prospective yield is 6½ per cent and the p/e about 8½ assuming a 35 per cent tax charge.

Cable and Wireless

The tender offer routine for the recent BP sell-off still looks like a winning formula and the government has stuck to it right down to the small print for its sale of another 100m shares in Cable and Wireless. The only conspicuous innovation this time round, in fact, has been last Sunday's resort to TV advertising. This appears to have been an *impromptu response* to the crisis in Fleet Street, since no stock exchange requirements apply to the publicity for a secondary issue. The result, anyway was a less than exciting ad.

This, perhaps, is rather a pity and some small part of the £3.4m total sub-underwriting fee might arguably have been better spent in this direction. However, the offer does not neglect the small shareholder and, after fixing the striking price, the Bank of England has discretion – as in the BP sale – to give preference to applications for small share blocks at that level.

Institutions hoping for a generous allotment could benefit from a parallel discretionary clause in the prospectus by bidding high. Those which bought heavily in the initial tranche and the March placement of 30m shares will probably hold back; but others may feel encouraged by C & W's strong earnings record – despite slight disappointment over the interims – and a good relative performance by the share price.

Closing last night at 300p, the shares have reacted well to the issue's announcement and to the partly-paid mechanism, which lifts the money saved through subscription rather than market purchase to about 10p. This points to a striking price in the 300p to 310p range in present conditions, aimed towards the lower end with one eye on BT's prospects.

Charter Consolidated

Charter Consolidated is still a beast which resists zoological classification, and yesterday's interim statement for the six mooths to September will have left the taxonomists no wiser. Charter's grand design is evidently to switch out of portfolio assets into subsidiaries in which management can exercise some clout – the recent sale of RTZ shares to fund the Anderson Strathclyde acquisition is an excellent illustration.

Yet, for the time being, it is the portfolio element which provides the momentum. Disposal surpluses accounted for 70 per cent of the pre-tax profits of £22m reported yesterday, compared with only 20 per cent of the comparable £24.3m. The disastrous start made by Anderson must cast some doubt over Charter's strategy and much of the remaining nasty news yesterday came from other acquisitions made in the past two years.

If Charter is seeking to shed discount associated with investment trusts, it is not making too fine a job of it. At a year's low of 210p yesterday, the shares stand at less than 40 per cent of replacement cost net asset value.

Italy sets deadline for Beirut withdrawal

By James Buxton in Rome

PRESIDENT Amin Gemayel of Lebanon bas been told by the Italian Government that Italy does not intend to keep its troops in Lebanon after the conclusion of the Geneva reconciliation talks, whatever the outcome of the talks which are now adjourned.

The Lebanese President yesterday continued his talks with Italian leaders before going on to Washington. Sig Bettioo Craxi, the Prime Minister, told bim on Monday that the solutioo to the problems of Lebanon was in the hands of the Lebanese and that the help Italy could give towards their solution was only limited.

Last week, Italy's supreme defence council, meeting in a rare sessioo under President Sandro Pertini, decided to link the continuing presence of Italian troops in Lebanon to the Geneva conference. If its final outcome was positive, as Italy bopes, then there would be no more need for its troops. If the conference failed irreparably, Italy would likewise consider the role of its forces concluded.

Nevertheless the council said there was no question of a premature or unilateral withdrawal.

The Italian Government is discussing the future of its forces in Lebanon with France and Britain, the other European members of the multinational force.

Italy has been seriously worried about the future of its forces in Lebanon ever since the French raid nearly two weeks ago on the Bekaa valley, in reprisal for the bombing of the French barracks in Beirut. The Italian Governmeot broadly disagreed with the Frencb action, which it felt went beyond the role of the multinational force

● **Anthony Robinson adds:** Mr Walid Jumblatt, the Lebanese Druze leader, said in London yesterday that he would be going to Geneva on December 10 to take part in the expected resumption of the Lebanese constitutional talks. "The talks in Geneva are really the only game in town," he said, adding that the Druze were seeking basic guarantees for representation in any future Lebanese constitutional structure.

He was oot optimistic about any agreement on reforms of the existing constitutional framework, and said the biggest achievement that might be hoped for would be an agreement on a ceasefire to freeze the current situation. Only then, he said, would it be possible to start talking about political reforms, but a freeze might lead on to a balfway formula, a form of government of national entente.

In the long run, the Druze are in favour of a bi-cameral system elected on a proportional representstion basis with one constituency covering the whole of Lebanon.

UK may suspend Norwegian gas talks if bargaining falters

BY RICHARD JOHNS IN LONDON

THE British Gas Corporation may suspend negotiations with Statoil of Norway on gas supplies from the Sleipner field for a year or more if agreement is not reached by the end of this year.

Bargaining over the price to be paid is expected to reach a critical point by the end of next month, probably after Christmas.

Any deal would bave to be struck by the new year if it is to be approved during the present session of the Storting, the Norwegian parliament, which goes into recess in June 1984.

British Gas and Statoil are expected to leave it until the last minute before finally laying their cards on the table in wbat is becoming a tense poker game.

Talks will be resumed again next week in Oslo.

Britisb Gas, meanwhile, is letting it be known that it will spend about 12 months considering alternatives if no deal is concluded – in particular, buying from the southern basin of the UK Continental Sbelf and liquified natural gas from Nigeria.

According to a Statoil executive, the gap bas been closed since detailed price negotiations started in August. "We are optimistic that we can get an agreement before Christmas," he said.

Sleipner is the most obvious source of supply – in terms of the size of its reserves, proximity and security – for the UK when output from fields now under contract to Britisb Gas begins to decline rapidly from 1990 onwards.

Britisb Gas, bowever, bas made clear that there is a strict limit to how mucb it is prepared to pay.

At the same time it bas evidently been at pains to impress on Statoil that it is not unduly concerned about rival bidding by a European consortium led by Ruhrgas of West Germany, whicb also includes Gasuine of the Netherlands, Distrigaz of Belgium and Gaz de France. They are believed to have more than enougb supplies in prospect.

Initially, Statoil is believed to have proposed a price related to the benchmark of $5.50 per million BTU, the equivalent of 36p a therm, obtained for Statfjord gas in 1981.

That has subsequently fallen in line with an indexation formula based on prices of a basket of crudes, beavy fuel oil and heating oil.

British Gas wants to obtain a price nearer to the 22p-23p a therm agreed in recent contracts with producers in the UK sector of the Continental Sbelf.

With a growing surplus of gas available to Western Europe it believes market forces are on its side and supplies could be secured elsewhere to fulfil Britisb Gas requirements in the 1990s.

Sleipner could be on stream early in the next decade and produce more than 1bn cubic feet a day

Suntory buys French vineyard

BY PAUL BETTS IN PARIS

SUNTORY, Japan's leading drinks group, bas become the first Japanese company to acquire an important Frencb vineyard. The transaction, involving the sale of Chateau-Lagrange, a well known Medoc wine, has been approved by the Frencb Government after months of negotiations.

In Paris yesterday, M Antoine Lafont, of Morgan Grenfell, the Britisb merchant bank that engineered the deal, explained the background.

The Japanese company decided to acquire the Bordeaux chateau mainly for prestige and to increase its credibility as a wine merchant, he said.

"They wanted to own some high-quality and prestigious assets to reflect their expertise in the trade," be explained.

Suntory bas had its eye on a French vineyard for some time. It tried to acquire a lesser vineyard in the Bordeaux region 10 years ago but the transaction was blocked by the French authorities.

Frencb Government attitudes to foreign investments and to Japan, however, bave evolved in recent years. The Government is now welcoming Japanese investments in France. To date they have been relatively few.

At the same time France, whose luxury products are in high demand on the Japanese market, has been trying to increase its commercial pressure in Japan. The Japanese market is also regarded as having promising potential for the French wine business.

Suntory has succeeded where Seagram, the leading Canadian drinks group and the world's largest, failed when it tried to acquire the venerable Chateau Margaux. That attempt was blocked by the Government.

By setting its sigbts a little lower down the scale, the Japanese group was able to win French Government approval for the acquisition.

Chateau-Lagrange is a "troisième cru classe" and a Saint Julien appellation. That is generally regarded as among the best Medoc appellations.

Suntory acquired the vineyard from the Spanisb Centoya family. The estate consists of 150 hectares, of which about 50 are planted with vines.

M Lafont said Suntory was contemplating extending the planted area. Up to 113 hectares could be planted, be suggested.

Suntory was not, however, envisaging any other Frencb wine acquisitions. "A chateau is a very expensive thing and the yields are low," M Lafont explained.

Germany and France sign telephone pact

Continued from Page 1

public sector markets in electronics and telecommunications. The Frencb have mentioned 10 per cent as the initial level of opening to foreign competition of public sector telecommunications orders.

The planned radio telephone network is the first stage in a series of standardised systems which the French hope could be spread to other countries in Europe as well. Britain angered the Frencb in February by deciding to opt for a U.S.-based AMPS system

Lambsdorff to face bribery charges

Continued from Page 1

1975 sale of its 29 per cent stake in Daimler Benz. Under a 1964 law, tax breaks are permitted if the money is reinvested for "the economic good," and Count Lambsdorff and his predecessor until 1977, Dr Friderichs, approved the tax-free deployment of the bulk of the money in parts of the Flick group and, above all, in taking a share of W.R. Grace, the U.S. chemicals concern.

The two men are charged with having been influenced in their approval by payments from Flick of DM 135,000 and DM 375,000 respectively. Dr Eulencamp said there was no evidence that the money was for "their own use" but would not confirm that it was for contributions to the FDP.

The two Social Democrat finance ministers who also approved the deal, Herr Hans Matthöfer and Herr Manfred Lahnstein, were not charged after investigations failed to produce adequate evidence. Investigations bave also been dropped against Dr Friedricb Karl Flick, the concern's senior partner, and two other politicians. Dr Riemer is charged with having been influenced in the approval of state research funds to the company by casb payments of DM 145,000.

The announcement comes at the worst time imaginable for Chancellor Kohl's Government, whicb has been badly shaken by the continuing sniping of Herr Franz-Josef Strauss's conservative Bavarian Christian Social Union (CSU) at the liberal FDP.

With the Social Democrats yesterday at once demanding Count Lambsdorff's resignation, the question mark over the Economics Ministry could strengthen Herr Strauss's demand that the FDP's influence be reduced or even open the way for his own entry into the Cabinet.

Jonathan Carr writes from Frankfurt: Dr Friderichs yesterday firmly denied accepting bribes and made clear he was determined to stay at his post.

He said, bowever, that if the matter finally went to court, he would like temporary leave of absence from his duties at Dresdner Bank to allow time to prepare his defence.

Dr Friderichs, made his request in a letter to the chairman of Dresdner's supervisory board, Herr Helmut Häusgen.

Herr Häusgen made it clear that he supported the request and added he had no reason to doubt Dr Friderichs' assertion that the charges against him were unfounded.

But Herr Häusgen also noted that the charges involved Dr Friderichs' "earlier employment as federal Economics Minister and bave nothing to do with Dresdner Bank AG." The remark is felt to reflect fears that the reputation of the Dresdner may suffer io the months of publicity over the Flick affair which now lie ahead.

EEC to delay steel price support plan

Continued from Page 1

only as an additional, but not the main means of restoring stability to the market.

The ministers were not prepared to agree on a scheme to make steel companies deposit DM 100 ($36.9) with their Governments for each tonne of steel they sell, a deposit which would be forfeit should price controls be breached.

Acting as an agent for the Commission poses legal problems for some EEC states, and so far the Commission bas not produced details either for this means of enforcing minimum prices or for a certificate to accompany steel shipments.

The latter would be a means of monitoring trade.

There was less difficulty on retaliation against the U.S. The proposed tariff increases will be registered at the General Agreement on Tariffs and Trade (Gatt)

Successive U.S. offers have raised the level of tariff concessions it is prepared to offer as compensation for the special steel action to a value of about $10.5m over four years. The EEC has sought concessions worth up to $14m.

On the question of EEC steel imports ministers insisted that the Commission ensure that, within the global quota, overseas suppliers maintain even trade flows at prices which do not fall more than 8 per cent beneath EEC prices.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	17	63	Dubrovnik	T	10	50	Malaga	S	20	68	Salzburg	C	5	41
Akrotiri	C	21	70	Faro	S	20	68	Malta	F	18	64	Seoul	C	8	46
Algiers	C	20	68	Florence	S	10	50	Manila	C	31	88	Singapore	R	28	81
Amsterdam	F	8	46	Frankfurt	F	7	45	Miami	C	28	82	Stockholm	F	-4	25
Athens	S	19	66	Funchal	S	20	68	Milan	S	17	63	Strasbourg	C	7	45
Bahrain	C	28	82	Geneva	F	11	52	Moscow	C	5	41	Sydney	R	23	73
Bangkok	S	27	81	Gibraltar	S	20	68	Munich	F	5	41	Taipei	R	20	68
Barcelona	S	17	63	Guernsey	C	10	50	Nairobi	F	25	77	Tangier	S	20	68
Beirut	S	23	73	Helsinki	S	-9	16	Naples	C	18	64	Tehran	-	—	—
Belgrade	F	8	46	H. Kong	S	23	73	New Delhi	S	26	79	Tel Aviv	S	25	77
Berlin	F	4	39	Innsbruck	F	7	45	New York	R	8	46	Tenerife	S	23	73
Biarritz	D	13	55	Inverness	S	2	36	Nice	S	18	64	Tokyo	F	10	50
Blackpool	C	7	45	Istanbul	F	16	61	Oporto	S	16	61	Toronto	R	4	39
Bordeaux	D	13	55	Jersey	C	10	50	Oslo	Sn	-4	25	Tunis	C	17	63
Brussels	F	9	46	Jo'burg	R	26	79	Paris	F	10	50	Valencia	S	21	70
Budapest	F	6	43	Las Palmas	S	22	72	Prague	S	4	39	Venice	Fg	6	43
B. Aires	S	28	82	Lima	S	22	72	Reykjavik	C	-2	28	Vienna	C	6	43
Cairo	S	26	79	Lisbon	S	15	59	Rio de J'o	C	30	86	Warsaw	Sn	-2	28
Cape Town	S	23	73	Locarno	S	15	59	Rome	S	17	63	Zurich	S	6	43
Caracas	-	—	—	London	C	9	48								
Casablanca	S	19	66	Los Angeles	S	21	70								
Copenhagen	C	0	32	Luxembourg	C	5	41								
Corfu	F	15	61	Madrid	S	12	54								
Dublin	F	6	43	Majorca	S	19	66								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday November 30 1983

Crocker moves into leveraged buy-outs

By Terry Dodsworth in New York

CROCKER National Corporation, the Californian banking group in which the Midland Bank of the UK has a majority stake, is launching a leveraged buy-out subsidiary to take advantage of a growing sector in the U.S. capital markets.

Mr Robert Kenmore, president of Corfin Equity Management Corporation, which will handle the buy-outs for the bank, said the aim of the company would be to maximise returns in an area where bank funds were increasingly being invested.

The company was aiming to pick up deals through a network of 375 account offices managed either by Crocker or corresponding banks in the western part of the U.S.

A typical leveraged deal involves a buy-out in which most of the finance for the transaction is in the form of debt. The small element of equity is usually held by the organisers of the operation and by management, although lenders are sometimes included in this part of the package as well.

Corfin's aim is to inject finance on both sides of the buy-out, providing both some of the equity – on which the returns are typically made on capital appreciation – and some of the debt, normally lent at between 1 and 2 per cent over prime rate.

The company is aiming initially to have around $50m worth of funds available for equity investments, while the bank will decide on a case-by-case basis on whether it wants to lend on specific transactions. It will be looking for takeovers of between $25m and $75m, where the average rate of debt to equity will be around 10 to 1.

Although banks have in the past provided much of the financing for leveraged buy-outs in the U.S., Mr Kenmore, who was in charge of acquisitions for ITT in the 1960s believes that Crocker is the first bank to launch a separate vehicle to put together transactions of its own.

Hellenic Lines starts work on survival plan

By Andrew Fisher in London

HELLENIC LINES, the major Greek shipping company, is working on a survival plan after running into problems over debt repayments in connection with its recent $320m expansion programme.

Controlled from New York by Mr Gregory Callimanopulos, Hellenic is negotiating a rescheduling of debts with Morgan Guaranty, the New York bank.

Among its financial problems is an $80m loan taken out with the bank earlier this year, on which repayments are now in arrears.

Hellenic has based much of its expansion on Middle East routes. But falling freight rates and competition from other companies have led to financial difficulties.

Five of the company's ships are up for sale and some of its vessels are detained in ports around the world because of its cash flow problems. The sales, involving ageing bulk carriers, should raise some $2m.

Superior Oil seeks ruling

By Our Financial Staff

SUPERIOR OIL, the largest independent U.S. oil and gas producer, is seeking judgment in a Nevada State court that its previously announced dividend of new convertible preferred stock was valid under state law.

Superior said its complaint names as defendants Mr Howard B. Keck, former chairman of the company, and Willametta Keck Day, Mr Keck's sister.

The dividend declaration follows the revelation by Mr Keck, Superior's biggest shareholder, that he was looking for buyers for his 11.4 per cent stake, worth more than $500m, and the stock of a trust group he represents.

Mr Keck feels the value of his shares may be enhanced if the sale was accomplished as part of an overall takeover.

The new convertible preferred stock, however, is seen as a "poison pill" for any potential bidder, who could be forced to pay a high price to prefered stockholders demanding redemption.

Superior said Mr Keck filed a complaint against Superior on November 23 in the U.S. district court for the central district of California alleging the preferred stock dividend violated Nevada state law, the bylaws of the company and federal law.

Federal bank rules tightened to curb savings institutions

BY WILLIAM HALL IN NEW YORK

U.S. FEDERAL BANK regulators have introduced tougher rules governing the establishment of new savings and loan institutions in an effort to curb the rapid growth of state-chartered institutions now being established in such places as California to take advantage of lax state banking laws.

The Federal Home Loan Bank Board (FHLBB) has become increasingly concerned in recent months about the number of applications for new state-chartered savings and loan institutions, particularly in California, where their owners are able to take advantage of more liberal regulations.

These powers are not available to federally chartered savings and loans, but the FHLBB is concerned that its sister institution, the Federal Savings and Loan Insurance Corporation (FSLIC), which insures the deposits of both state and federally chartered savings and loans, will have to bail out the new state-chartered savings banks when they run into trouble.

U.S. savings and loans are intended to channel customers' savings deposits into residential housing finance, but following changes in the law they have been given more liberal investment powers.

There is now concern in Washington that new institutions are being established by real estate professionals and other entrepreneurs to invest in everything from risky oil ventures to speculative real estate projects with the help of their depositor's federally insured money.

A total of 71 new applications for state-chartered savings and loans are awaiting approval – of these 56 are in California.

While the regulators can control the issue of federal charters for savings and loans, it is more difficult with state-chartered institutions, and their only real power is the FSLIC's power to refuse to insure the deposits of state-chartered institutions.

The FHLBB has now introduced regulations which have to be met if it is to insure new savings and loans. These include raising the initial capital from $2m to $3m; an initial net worth of 7 per cent of assets – previously they had 20 years to meet this target; an investment limit in real estate or "service corporations" of 10 per cent of their assets.

Federally chartered savings and loans already abide by even tougher rules. In particular, they are permitted to put no more than 3 per cent of their assets into "service corporations", which can invest in a whole range of non-mortgage lending activities.

The National Association of State Savings and Loans Supervisors has said it will sue the FHLBB in an attempt to block the new regulations, as it says the action is a "direct challenge to the dual system of financial institution regulation".

Ambrosiano successor returns $15.6m deficit

BY ALAN FRIEDMAN IN MILAN

NUOVO BANCO Ambrosiano, the successor bank to the defunct Banco Ambrosiano, yesterday announced a L24.9bn ($15.6m) loss for its first operating period the 11 months to June 30. The new bank declined, however, to provide consolidated results which would include the L19bn loss recorded earlier this month by La Centrale, the financial holding company controlled by the Nuovo Ambrosiano group and previously controlled by the late Sig Roberto Calvi.

Dr Giovanni Bazoli, chairman of Nuovo Ambrosiano, said yesterday the group was having difficulty in selling its 40 per cent stake in the troubled Rizzoli publishing group. This stake, which was written down by La Centrale from L46.3bn to only L10bn, includes the Corriere della Sera, Italy's leading newspaper.

Dr Bazoli yesterday offered a strident defence against the 93 separate writs against Nuovo Banco Ambrosiano, filed by Euromarket creditor banks, which lent around $450m to Banco Ambrosiano holdings in Luxembourg. Dr Bazoli said the Luxembourg company, now being administered by London accountants Touche Ross, was not the responsibility of Nuovo Ambrosiano. He denied the claim made by creditor banks that under article 54 of the Italian banking law a successor bank is responsible for all the liabilities of its predecessor. "This law does not apply to us because Ambrosiano was liquidated," he declared.

Customer deposits in Nuovo Ambrosiano totalled nearly L3bn as of last June, an increase of L1bn during the period. Dr Bazoli admitted the bank had had to pay unusually high interest rates.

The chairman said that during its first three operating months Nuovo Ambrosiano had reimbursed around $500m of deposits placed with the former Banco Ambrosiano by foreign banks.

Nuovo Ambrosiano, now owned by three public sector and four private Italian banks, said it had written down its balance sheet by L89bn for the period to last June, of which L44.5bn represented bad debt provision. The bank said its balance sheet total last June was L5,957bn.

The group said it now valued La Centrale in its books at L146bn, well above the value of the company on the Milan bourse.

Dr Bazoli said he expected that Nuovo Banco Ambrosiano would not make a profit before 1985. The group would not provide consolidated accounts until next year.

Italian banks refused listing

BY JAMES BUXTON IN ROME

CONSOB, Italy's stock exchange regulatory authority, has refused to allow two banks to be quoted on the Milan over-the-counter market on grounds which appear to set an important precedent in the development of the Italian stock exchange.

The two banks, Credito Romagnolo and Banca del Friuli, both have in their articles of association clauses limiting the ownership of their shares to shareholders who are approved by their boards. The Consob has told the banks that they cannot be quoted on the over-the-counter market until this clause is dropped.

A large number of companies quoted on the over-the-counter market have similar clauses in their constitutions. Three leading shares on the main stock exchange, Mediobanca, the merchant bank, and Generali and Ras, both insurance companies, also have them, although in their cases the clauses appear to be a historical left-over that is not applied.

The Consob's action can be seen as a major step in the process of getting quoted companies to make their shares more freely tradeable.

The Consob currently lacks a chairman and one of its four other board members following the resignations of both Sig Vincenzo Milazzo, the chairman, and of another board member last month. The Government has yet to appoint successors.

Apple unveils new products

By Our Financial Staff

APPLE COMPUTER, the California personal computer company, has unveiled three products designed to enhance its Apple II line of personal computers.

Apple has introduced a "mouse" or hand-held controller for use with the Apple II and graphics software that lets a user make drawings, charts and diagrams. The products will be on sale early next year. Prices were not disclosed.

The company will also introduce a hard disk-drive system – a data-storage device that can be used with the Apple II. Apple said it would make the product available in mid-1984 for a price of less than $2,200.

Food producer lifts earnings

By Andrew Whitley in Rio de Janeiro

ANDERSON Clayton S.A., the Brazilian subsidiary of the major U.S. margarine and vegetable oil producer has improved its profits markedly so far this year.

While sales remain steady in U.S. dollar terms, profits in the first nine months rose by 45 per cent to $71.4m, compared with the same period in 1982, when profits were Cr 7.7bn ($39.7m at the average exchange rate).

Announcing the impressive third quarter results, Mr Donald Wilson the local president of the Houston based company, said "There's no magic. This was the result of many years of hard work."

Degussa's annual turnover rises 25%

By Our Frankfurt Correspondent

DEGUSSA, the West German precious metals and chemicals group, increased worldwide turnover by 25 per cent to DM 11.1bn ($4.1bn) in the year to September 30.

In a preliminary statement, Degussa gave no profit figures but said that the year was "most successful" and that the "favourable earnings trend" was continuing in the new financial year.

In 1981-82 Degussa's group net profit declined nearly 10 per cent to DM 57.6m and the parent company lowered its dividend from DM 9 to DM 8 per DM 50 share.

Degussa said that much of the sales increase in 1982-83 was due to higher prices for metals, which boosted the metal division's turnover by 37 per cent to DM 7.76bn.

The chemicals and pharmaceuticals division lifted sales revenue by 4 per cent to DM 3.36bn.

Chemicals produced a marked increase in profits compared with the unsatisfactory level of the previos year.

Profits on pharmaceuticals increased, although results came under pressure in the last few months.

Degussa said that its group profits were boosted by cost saving measures as well as lower interest rate charges. The main foreign subsidiaries, notably the U.S. operations, contributed higher profits, it said.

Degussa has extended its U.S. interests by acquiring a 50 per cent stake in MNR Reprocessing of Dover, Delaware, from Metallgesellschaft, the West German metals processing group.

Metallgesellschaft retains the other 50 per cent share in the U.S. company, which recovers precious metals from mining industry slag heaps and waste ponds.

Brown Boveri optimistic on annual results

By Anthony McDermott in Dättwil

BROWN, BOVERI and Company, Switzerland's largest engineering company and its third overall in terms of turnover, is optimistic about this year's results.

At yesterday's press conference at the group's research centre, near its Baden headquarters, Herr Franz Luterbacher chairman, announced: "The consolidated value of orders received has been maintained." To the end of September these totalled SwFr 7.4bn ($3.4bn).

"By the end of the year," he said, "the order inflow should attain roughly the previous year's level of SwFr 10.2bn." In 1981 a record figure of SwFr 11.6bn was reached.

The group, with employees in 140 countries, has been badly hit by the world recession. Herr Luterbacher identified protectionism and the difficulty of obtaining finance for projects, particularly in developing countries, as the greatest problems.

Turnover during the first nine months of this year has risen by 6 per cent and should, therefore, be considerably higher than the SwFr 9.7bn of 1982.

Cash flow – SwFr 390m – will increase even more sharply and this reflects the improvement in hitherto poor results in the U.S., Herr Luterbacher added, however, that the group was still "far from satisfied" with earnings. Net 1982 earnings were SwFr 27.9m, down 37 per cent on the previous year and the lowest since 1970.

The number of employees is another indicator of the group's performance. It reached a peak of 105,000 in 1980-81. In 1982 the number was down to 94,000 and this year another 3,000 jobs, evenly spread over Switzerland, the U.S. and West Germany, have been lost.

The performance of the group's subsidiaries has been uneven. BBC Baden will not quite attain last year's order intake of SwFr 3bn, which was distorted by the order for a gas turbine plant to Saudi Arabia.

In Britain, Italy, Spain and France, the level of sales and contracts has been, at best, steady.

BBC Mannheim recorded more new orders between January and September than during the corresponding period last year.

The group of companies in Norway, brought together in Norsk Elektrisk and BBC, has recorded "notable successes in the offshore sector."

However, subsidiaries in Zurich, Geneva, Brazil, Austria and the U.S., where centralisation of plants has been taking place, have all experienced either a drop in sales or net losses.

Herr Luterbacher nevertheless concluded: "In contrast to the past two years...we see no need at present for any further call on reserves."

Cost cuts boost Bayer profit

BY JOHN DAVIES IN FRANKFURT

BAYER, the West German chemical and pharmaceutical group, is reaping the benefit of cost saving measures and structural changes, which have helped to fuel an upsurge in profits.

The company lifted its worldwide pre-tax profits to DM 1.36bn ($501m) in the first nine months of this year, up 77 per cent on the same period last year.

Pre-tax profits of the parent company, based at Leverkusen, were up 52 per cent to DM 747m.

The Bayer group's worldwide sales revenue rose 4.7 per cent to DM 27.7bn, while the parent company's sales were 7.1 per cent ahead at DM 11bn.

Professor Herbert Grünewald, the chief executive, said that steps taken TO lower costs of production and run down stocks helped to bring about a much needed increase in the group's earnings yield.

He said there had been a sharp turnround to profit in Bayer's U.S. operations, partly because of rationalisation measures made at heavy cost last year.

WEST GERMANY'S "BIG THREE" CHEMICAL GROUPS
Sales and profits in the first nine months of 1983 (DM)

	BASF	Bayer	Hoechst
Worldwide sales	27.5bn (up 6.7%)	27.7bn (up 4.7%)	27.4bn (up 4.3%)
Group pre-tax profit	1.05bn (up 57%)	1.36bn (up 77%)	1.32bn (up 87%)
Parent company sales	12.3bn (up 9.6%)	11.0bn (up 7.1%)	9.6bn (up 3.5%)
Parent pre-tax profit	588m (up 49%)	747m (up 52%)	659m (up 38%)

Bayer, like the other big West German chemical groups, Hoechst and BASF, has boosted sales not only in the home market but also abroad, notably in North America.

Professor Grünewald said that this year's result should be the best ever, in nominal terms. The dividend, which was cut from DM 7 to DM 4 per DM 50 share on last year's poor result, would be raised again, but it was too early to predict the figure.

"It will be more than DM 5, but I will not say more than that," he said.

Professor Grünewald said that the textiles division was no longer making a loss and capacity was virtually fully used, but prices were still unsatisfactory.

The dyes division was suffering from intense price competition because of worldwide over-capacity, and although it was making a profit the earnings were not satisfactory, he said.

Pharmaceutical sales had increased, largely as a result of new products – an indication of the importance of research, he added.

Professor Grünewald said that Bayer was still burdened by losses within the Agfa-Gevaert photographic products and information technology group, and at some other subsidiaries, including the Metzeler plastic products operation.

Professor Grünewald said that the management board, which, under plans already announced by Bayer, is to be reduced from its present 14 members – will be able to concentrate on long-term strategy. The members will be freed from day-to-day control of operations.

Bayer plans to increase research spending to DM 1.8bn next year, compared with DM 1.7bn this year.

Professor Grünewald said Bayer was pursuing biotechnology research, but basically was observing developments so that it could decide later whether they had practical uses. He believed this was a sensible policy, which would also save money.

State takes over to save Skalistiris jobs

BY ANDRIANA IERODIACONOU IN ATHENS

THE GREEK Socialist Government moved to safeguard 5,000 jobs in the metallurgy and mining sector yesterday by taking over the management of the Skalistiris group of companies.

The 11-company group, a family enterprise with a 70-year history, accounts for 90 per cent of Greece's production of dead-burned magnesite and refractory bricks for use in the steel and cement industry, with exports totalling 5.5bn drachmas ($55m) in 1982.

A spokesman for the group confirmed that because of liquidity problems in recent months the Skalistiris companies have had great difficulty in paying workers and servicing an 11bn drachmas debt to state banks and organisations, mainly the National Bank of Greece and the Credit Bank.

The spokesman said the group, whose main export market is Eastern Europe, has been badly hit by the slump in the steel and cement industry.

Mr Gerassimos Arsenis, the National Economy Minister, emphasised that the Governmeot's first concern in taking over was to save jobs. "The main problem here is the rights of the workers," he said.

He said the Government decided to "socialise" the Skalistiris group only after efforts to persuade private business to finance a 3.5bn drachmas increase in share capital had failed.

Mr Arsenis said the group's shares, which are 95 per cent-owned by the Skalistiris family, will not be touched, but that negotiations with banks, shareholders and private enterprise, to solve the group's debt problem will continue.

"This is not nationalisation through the back door," Mr Arsenis said. "The Government had no other option."

Borregaard in French engineering group link

BY FAY GJESTER IN OSLO

BORREGAARD, the Norwegian industrial concern, has established a joint venture company with Sofresid SA, the French engineering group.

The new company, BSE, in which Borregaard holds a 55 per cent stake, will provide engineering services to industry in general and the offshore oil and gas sector in particular. It will merge the operations of Sofresid Norge, the French group's Norwegian company, with those of Borregaard subsidiary, Borregaard Engineering (BE).

Both have relevant experience – BE in process industry technology and Sofresid Norge in North Sea projects such as the Frigg and Heimdal fields.

In a similar move, Boeing Engineering Company International of the U.S. has linked with Norway's Braathens airline to establish Braathen-Boeing, another engineering consultancy firm.

The Braathens subsidiary, Braathens Industrial Services (BIS), has a 70 per cent stake in Braathen-Boeing, and Boeing the rest. The two companies have co-operated closely on various Norwegian sector projects during the past four years.

Braathens-Boeing says a major reason for its formation was to secure access to advanced technology.

It says, "Through the new company, many of the aerospace, marine, nuclear, computer and resource recovery technologies which reside within Boeing and have direct application can be made available to Norwegian North Sea offshore projects.

● E.U. Consultants (EUC), a member of the Norwegian Elektro Union group, has agreed to establish a partnership with S. H. Landes (Engineering), an international consultancy firm with offices in London, Houston, and Malaysia.

INTL. COMPANIES & FINANCE

Japan's commercial banks ahead

TOKYO — A marked improvement in the cost of funds enabled Japan's 13 largest commercial banks to chalk up record profits in the half year to September.

Pre-tax, operating and net profits all soared to new heights. Reveoues declined, bowever, because of a decrease in overseas money rates and the yen's appreciation against the dollar.

A major factor in the earnings growth was that two-year time deposits (with interest rates of 8 per cent) matured and customers replaced them with new deposits with redoced interest rates of 6 per cent. This substantially improved profit margins.

The growth rates of deposits and loans of the 13 banks slackened to 4.8 per cent and 8.4 per cent, respectively, from the 10 per cent levels of the past.

Revenue from international operations totalled Y273.3bn against Y247.6bo previously.

The number of countries covered by the reserve fund for possible bad loans abroad—a system set up in the previous business year—increased by four to 29.

FIRST HALF UNCONSOLIDATED RESULTS AT JAPAN'S LEADING COMMERCIAL BANKS

	revenue Ybn	percentage change	net profits Ybn	percentage rise
Dai-Ichi Kangyo	871	−15.0	25.0	29.5
Fuji	833	−14.7	37.5	23.0
Sumitomo	809	−7.7	39.2	21.9
Sanwa	766	−9.6	24.9	29.9
Mitsubishi	760	−15.6	27.5	24.3
Bank of Tokyo	611	−31.5	13.5	10.4
Mitsui	556	−15.3	15.5	23.7
Tokai	503	−14.1	15.5	24.2
Taiyo Kobe	438	−10.4	10.6	19.9
Daiwa	289	−9.3	8.0	3.5
Kyowa	259	−10.8	6.5	11.3
Saitama	253	−68.0	7.1	19.0
Hokkaido Takushoku	212	−0.5	4.8	3.0
Total	7,160	−14.2	236.2	21.7

As a result, the total amount of the 13 banks' overseas loans covered by the system increased by about Y310bn (U.S.$1.3bo) from March 31 this year to Y4,690bn at end-September.

Since the ratio of reserves also rose, total reserve funds in this category increased by about Y30bn to Y186.3bn.

For the full year to next March, the 13 banks predict a 10 per cent rise in pre-tax profits and a 20 per cent increase in net profits.

Kyodo

● Public and corporate bonds planned for flotation in December total a record monthly high of Y528.78bn ($2.25bo) according to the Bond Underwriters Association.

The total—excluding central government bonds—represents e Y454.9bn rise from November.

Behind the sudden leap are rumours that issue terms will be kept unchanged for some months, officials said. Some issues have held back from new flotation in anticipation of softer terms. Another reason is an unusually massive carry-over of planned issues from November.

Bonds to be floated in December by non-financial companies will top Y100bn for the first time in nine months.

Japanese investors bought a record amount of foreign bonds in October in both net and absolute terms, according to figures released by the Finance Ministry.

Japanese investors were net buyers of a record $1.544bn in bonds, excluding short-term government securities, in October, up from $833m in September and the prior record of $1.361bn in July.

Japanese investors also were strong buyers of foreign stocks in October, purchasing the second-largest amounts ever in both absolute and net terms.

Agencies

Midterm earnings rise at Kyocera

TOKYO — Kyocera, the leading integrated circuit manufacturer, said its consolidated net earnings climbed 29.5 per cent in the half year to September to Y21.81bn ($54.6m) from Y9.89bn.

Sales climbed 26.3 per cent to Y106bo from Y84bn a year earlier, while the net profits per share advanced to Y139.21 from Y109.16.

In its secood quarter, Kyocera's net earnings gained 43.7 per cent to Y6.96bn from Y4.84bn as sales advanced 37.3 per cent to Y57.52bn from Y41.89bn.

Consolidated net profits per share for the second quarter were np to Y75.61 from Y52.62 a year earlier.

Earnings for the first half and second quarter followed sharp increases in sales for the periods. Sales were particularly strong in the company's electronic machinery division.

Electronic machinery pulled in 23.8 per cent of the company's overall sales during the first-half period and sales for this category were up a sharp 159.3 per cent from a year earlier to Y25.34bn.

Kyocera's largest sales category, integrated circuit (IC) packages, also gained in the first half, by 3.0 per cent to Y42.58bn and accounted for 40 per cent of all sales.

Electronic components, the third largest sales category, showed an increase of 24.3 per cent from a year earlier to Y15.820bn.

Despite the steep gain for electronic machinery sales during the half, the company expects future sales to level off. Officials added that orders for IC packages and electronic parts from U.S. and domestic customers are heavy and Kyocera sees these categories improving even further during the remainder of its fiscal year.

● Weston, a hard-pressed audio equipment maker, said it will increase its capital by Y4.3bn ($18.3m) next mooth to wipe out the excess of its liabilities over assets and thereby remain listed on the second section of the Tokyo Stock Exchange.

Present indications are that the company's accumulated deficit and liability excess will reach Y4.5bn and Y3.2bo respectively, at the end of the year to next March.

Under the regulations of the Tokyo Stock Exchange a company registering a liability excess for three years on end and passing dividends for five years running are delisted.

Weston's decision to increase its capital is designed to avoid such as eveotuality. It hopes to earn a profit in the 1985 business year and eliminate the accumulated deficit within five years.

Agencies

Offshore banking unit for Taiwan

BY ROBERT KING IN TAIPEI

TAIWAN's legislature has approved the establishment of an offshore banking unit (OBU) after nine months of deliberations.

The measure will, for the first time, allow both foreign and local banks to lend to, and accept deposits from institutions and individuals abroad. However, the programme is aimed as much at upgrading local financial operations through exposure to international practices as at attracting foreign capital to the island.

Uoder the legislation the OBU would be free of foreign exchange restrictions that govern other banking activities. Profits from international transactions will be tax-free, and current capital and reserve requirements and fixed interest rates will be dropped.

Rather than operating from a single fixed location, the OBU will consist of departments set apart for that purpose in existing banks. Foreign banks without branches here will also be able to participate, however.

The government is also expected to eliminate soon the largest barrier to the successful operation of the OBU—existing restrictions on the transmission of compoterised data.

While national security regulations prohibiting such transmissions are now sometimes stretched on a case-by-case basis, the government is likely to eliminate them for corporations and institutions by the middle of next year.

The government views the OBU as a first step in opening Taiwan's restricted financial market and a move toward eventual liberalisation of foreign exchange controls.

New rules for Malaysian SE

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN STOCKBROKERS say they are apprehensive over recent Government proposals that are expected to cause far-reaching changes to the character of the Kuala Lumpur Stock Exchange.

The changes were proposed by the Finance Ministry in a letter to the KLSE Committee two weeks ago and include the right of the Finance Minister to direct the Committee "To admit any Malay whom he considers suitable" to be a stockbroker, dealer, or a stockbroker's representative.

Another ameodment allows the chairman of the KLSE to bold office for three years, with the possibility of renewal for another three, while currently the chairman is elected annually.

Although the Government has not given reasons for the changes, it is believed that the authorities want to bring in more Malays into the securities industry.

The KLSE currently has 112 members out of which only 25 are Malays. The longer tenure of the KLSE chairman is to allow greater continuity.

However, many stockbrokers feel the amendments represent unnecessary Government interference in the exchange.

They fear that while the KLSE is upgrading its professionalism, the Government could reward political supporters with KLSE appointments, without regard to their ability and financial standing.

Mr Abdul Razak Sheik Mahmood, the KLSE chairman, who came under strong criticism from stockbrokers for his inability to protect their interests, said yesterday there was little the KLSE Committee could do since the Finance Minister is empowered under the Securities Industry Act 1983 to make any changes to the KLSE he considers necessary.

This is the second time within a year that the KLSE has received a shock from the Finance Ministry. Around this time last year, the authorities cancelled the licences of three senior brokers for allegedly operating in towns they were not supposed to.

The action was seen as a move to soften resistance of the brokers towards the sweeping Securities Industry Act. The Ministry subsequently restored the licences of the three concerned after short periods of suspension.

Fedvolks suffers marginal fall in first-half profits

BY OUR JOHANNESBURG CORRESPONDENT

IN SPITE OF A 10 per cent increase in turnover to R805m ($673m), Federale Volksbeleggings (Fedvolks), the diversified Sonth African industrial bolding company, suffered a marginal fall in operating profits from R54.9m to R54.3m in the first half year to September. In the year to March 1, 1983, turnover was R1.46bo and operating profits were R108.9m.

The directors say the operating subsidiaries performed reasonably well bearing in mind the ecooomic and weather conditions. The board does not elaborate on specific subsidiaries but the 75 per cent-owned subsidiary Fedmech, which distributes Massey Ferguson agricultural equipment, continues to suffer from redoced capital spending by drought-hit farmers and the electrical appliance distributor, Tek, which is 95 per ceot owned, continues to suffer from lower levels of consumer speoding.

Mr Cornelius Human, the chairman, believes that the first-half profit performance could be repeated in the second half and full year earnings per share can be maintained.

First-half earnings rose to 33.5 cents a share from 32.1 cents and an unchanged interim dividend of 14 cents has heen declared. A dividend total of 38 cents was paid from earnings of 70.7 cents a share in the year to March 1983.

TWT lifts offer for Brisbane TV

By Michael Thompson-Noel in Sydney

THE struggle for control of Brisbane Television, which operates Channel Seven in the Queensland capital, broke fresb ground yesterday when Television Wollongong Transmissions (TWT) raised its offer to A$21.70 a share, valuing Brisbane Television at A$39.3m (U.S.$36.2m).

TWT operates Channel Win 4, in Wollongong, New South Wales, and is controlled by Mr Bruce Gordon, an Australian living in New York.

His rival in the struggle for Brisbane Television is the Sydney-based publisher, John Fairfax, which owns Sydney's Channel Seven, plus most of Australia's quality newspapers, six radio stations, and e clutch of magazines.

Fairfax is estimated to control about 28 per cent of Brisbane Television at present, and TWT about 29 per cent.

The bidding duel—there bave beeo six bids to date—is shaping np as one of Australia's most expensive television battles. The National Companies and Securities Commission is inquiring into the struggle, as is the Queensland Corporate Affairs Commission.

Singapore builds up defence industry in economic strategy

BY CHRIS SHERWELL IN SINGAPORE

A YOUNG Singaporean girl has caught the eyes of foreign heads of state, as a tough soldier in the city state's modern army. She stars in a promotion film for the country's extraordinary Ultimax 100 light machine gun.

The girl fires the Ultimax with one hand from either hip, and emerges unscathed when unleashing a dozen rounds with the butt of the gun against her nose.

The video film is an illustration of how Singapore has brought publicity into its efforts to break into tha lucrative world arms market as a recognised manufacturer, over the past year. The film was presented at an army exhibition in the U.S. last month, the third exhibition the country has attended in the U.S. this year.

Dozens of demonstrations of the Ultimax and of the locally made assault rifle, the SAR 80, have also been given, "all over the free world," according to Mr Lai Chun Loong, managing director of Chartered Industries of Singapore, which manufactures the weapons.

Chartered, with 13 subsidiaries and 3 associated companies, also produces small arms ammunition and medium calibre ammunition for anti-aircraft and aircraft cannon. In addition, the company manufactures grenades and thunderflashes, anti-personnel and anti-tank mines, mortar bombs and 500 lb bombs for jet aircraft.

Chartered is owned by the government through its Sheng-Li holding company, and is the country's largest locally-owned manufacturing company. Together with others in the Sheng-Li group, it was brought under the single umbrella of a new company, the Singapore Technology Corporation in June. Mr Lai, who is an engineer by training and has worked for Chartered for 16 years, heads this company too.

Singapore Technology has been created at least in part to project the "big company" image which seems so much part of successful arms manufacturing. The company includes Singapore Automotive Engineering, which can maintain and refurbish tanks, armoured personnel carriers and other military vehicles, and Ordnance Development and Engineering.

The formation of a single company embracing production and sales of ordnance, guns and army vehicles parallels a similar move last year in the aerospace field, when several different companies were brought under one corporation, Singapore Aircraft Industries.

Through five subsidiaries and two associated companies, Singapore Aircraft Industries can maintain, overhaul, repair and refurbish aircraft like the Lockheed C-130 Hercules and jet fighters like A-4 Skyhawks. It can overhaul half a dozen well-known types of engines, including Pratt and Whitney, Rolls Royce and General Electric, as well as aircraft-related components like propellers, landing gear, gyros and generators, and radio, navigational and instrument systems. The company can also manufacture external fuel tanks and bomb racks, and offers servicing in avionics and defence and marine electronics.

Surprising choice

Singapore Aircraft Industries has bought and is overhauling up to 100 A-4 Skyhawks, and has a contract to maintain the C-130s of the U.S. Nevy in the Western Pacific. But the company now wants to manufacture a new basic jet trainer for itself, and presumably for export. It is believed to have opted for the Siai Marchetti S-211 from Italy, a surprising choice in that it has not been purchased by any other major buyer, including the Italians, and is therefore not proven. Tha main alternative under consideration is the Spanish Casa C-101, which is believed to be more expensive.

A third arm of Singapore's defence-related industry covers the naval sector, in which the prominent company is Singapore Shipbuilding and Engineering. This is capable of building quite large vessels, and it recently completed for the Singapore Navy a dozen Swift-class inshore patrol boats of an Australian design.

How well all these defence-related companies are performing is difficult to gauge. Subsidiaries and associated companies, in typical Singapore style, must function as profit centres.

The Ultimax 100 light machine gun

That is why Chartered, for example, is also involved in many civilian activities: it has a mint producing circulation and numismatic coins and medallions, an assay office which has the only gold assayer's licence recognised by the London Gold Market in the region, and it offers outside companies computer hardware and software consultancy services, opportunities to lease heavy equipment and sophisticated testing facilities.

"There is a shortage of support industries in Singapore," says Mr Lai. "We have the equipment and the trained personnel to service the needs of the local industries. The company has also started up subsidiaries to get involved in new technologies for construction and in the international freight business.

Still, publicly-available records on finances, production and sales of these companies are not highly illuminating. Singapore Aircraft Industries says in its brochure that total sales for 1982 "exceeded S$97m," or US$45.5m, and it gives a forecast for 1983 sales of "over S$100m." Chartered won a National Productivity award earlier this month, but Mr Lai will not give figures for value-added per workers because it might allow further calculations to be made. The company employs "more than 2,700 people," according to its most recent publication, and is said to spend about 10 per cent of its total budget on research and development.

It is known that Chartered has the capacity to produce 6,000 to 8,000 Ultimax machine guns a year and has sold around 10,000 since the gun was first produced in 1981. Production capacity for the SAR 80 is 24,000 to 30,000 per year. A total of 50,000 is estimated to have been sold.

Half the rifles are said to be destined for the Singapore Armed Forces. Who is buying the rest remains a secret. Officially, the sales effort is being made in developing countries in Africa, the Middle East, Asia, and Latin America.

One known deal is for the supply of 20,000 SAR 80s to Somalia, a U.S.$7m contract which prices the rifle at U.S.$350 a time — cheaper by up to U.S.$180 than the competing M-16 made by Colt, which Singapore used to make under licence but found increasingly costly to produce and was prevented from exporting.

The SAR 80 is developed from a basic design by Britain's Sterling Armament Company. Chartered began tooling up in 1979 and was producing by 1981. The rifle's attraction is its balance and a gas piston system towards its front end which works against carbon fouling and so jamming.

The Ultimax — developed in-house by a team of local engineers with Jim Sullivan, an American — is the lightest of all available one-man operated machine guns, weighing only 4.7kg unloaded. It is magazine —rather than belt-fed, and it is easily controlled because of a "constant recoil" action patented by Chartered.

In its compact version, it can be packed into the equivalent of a small tool bag and assembled by an experienced hand in less than 10 seconds. It fires 540 rounds a minute. Smaller wonder, then, that heads of state and U.S. "Special Forces" are interested—especially at around US$1,500, which gives it an edvantage of up to 50 per cent over its principal competitor, the FN Minimi from Belgium.

Singapore's defence-related industry was set up in the 1960s by the then Defence Minister, Dr Goh Keng Swee, who is now Deputy Prime Minister.

Chartered's activities have contributed on all these fronts —and the effort continues, with teams from the defence industries scouring the scientific and defence literature for new ideas, new processes and new developments they can use. The Western companies which have helped Singapore so far make a veritable Who's Who of the world armaments industry.

Canada paper groups improve

BY ROBERT GIBBENS IN MONTREAL

FIRMER PULP, newsprint and fine paper prices are improving prospects for major Eastern Canadian producers.

Fraser Companies, a New Brunswick producer controlled by Noranda Mines, swung back from a loss in 1982 to a profit of C$6.1m ($5m) or 67 cents a share in the first nine months of 1983.

The fourth quarter will show further recovery, even after start-up costs for the company's Atholville, New Brunswick, pulp mill, which has been rebuilt at a cost of C$180m.

Fine paper operations both in Canada and U.S. were running flat out and prices were back to peak 1981 levels, the company said. Production is mainly of computer and copying papers.

Pulp prices were still lagging, despite recent improvement, and required stronger demand in Europe. Lumber was doing better but prices remained volatile.

Donohue, a major Quebec newsprint producer controlled by SGF Group, e Quebec government holding company, expects better results in 1984 if newsprint and pulp prices continue to firm.

The company earned C$3.3m or 66 cents a share in the first nine mooths, against C$16.5m or C$3.58 in the whole of 1982.

Donohue has more than 50 per cent of the largest and most efficient modern pulp mill in Quebec, and this has remained profitable through recession. The balance is owned by British Columbia Forest Products.

Clermont newsprint mill near Quebec City will have a C$105m thermopulping unit installed to improve efficiency. Lumber is the most volatile area of business.

Part ownership of two Clermont machines by Gannett, the U.S. publishing company, and the New York Times has helped keep newsprint production up during recessioo and should ensure strong activity in 1984.

Putnam fund for U.S. health companies

By Gareth Griffiths in London

A $50m INVESTMENT fund specialising in smaller or emerging U.S. health care companies has been launched in Japan and the UK by the Boston-based Putnam Group.

Putnam is aiming its Putnam Emerging Health Sciences Trust mainly at UK institutions and is offering 5m shares et $9.50 per share and 1m five-year warrants to subscribe for shares at $12.50.

The fund is registered in Luxembourg and will concentrate its investment on health sciences companies. Putnam manages around $1bn of stock in the health science sector.

UK COMPANY NEWS

Near £12m profit for Diploma—pays more

SUBSTANTIAL growth in turnover, profits and dividend has been shown for the 15 months ended September 30 1983 by Diploma, which has interests in industrial distribution, manufacturing and engineering, and services.

Turnover moved up to £76.58m, from £48.55m in the previous 12 months, while the pre-tax profit rose by £5.14m to £11.82m, with industrial distribution contributing £7.53m (£3.73m), manufacturing £3.84m (£2.38m), and services £174,000 (£192,000). Net interest less head office expenses was £278,000 (£375,000).

The final dividend is 6p to make 7.5p for the period—this is equal to an annual 6p and compares with 4.6p actual in 1981-82. The directors are able to review the current year with confidence in anticipation of further growth.

After little more than a year following reorganisation, Norwood Partitions provided an "excellent profit contribution," with e substantial part of its turnover coming from oil platform related orders, which are unlikely to be available this year.

After tax £5.53m (£2.87m for the year) and minorities £325.000 (£224,000), earnings come out at 22.8p (13.8p). There are extraordinary credits of £93,000 (£254,000).

● comment

Electronics distributors have had a good time of it recantly. But the market still had not discounted Diploma's annualised 65 per cent increase in pre-tax profits and the shares steamed smartly ahead to an all-time high of 452p. Profit taking sent them hack to end the day at 440p, down 3p. Demand has accelerated in all of Diploma's components markets, which include the defence, telecommunications and computer industries. To keep up with the 6ow, electronics inventories have risen hy £6m to £20m—an increase which was entirely funded from cash flow—but lead times have lengthened from six weeks to six months. The rise in stock levels also reflects the needs of Nortronics and Access, hoth of which were travelling light hy Diploma's standards a year ago. Meanwhile, component prices have stayed firm and group margins have widened e couple of points to 15 per cent of turnover. It looks as if L G. Lintels gained market share as well as henefiting from the housing upturn, while profits et the manufecturing division as a whole advanced hy 30 per cent on an annualised hasis. The hefty increase in the dividend—which is more than twice covered—gives an historic yield of 2.5 per cent.

Evans of Leeds

Pre-tax profits of property investor and developer, Evans of Leeds, increased from £1.68m to £1.83m in the six months ended September 30, 1983. The net interim dividend is held et 1.25p.

In the last full year a total of 2.625p was paid from pre-tax profits of £3.9m.

Gross rent receivable for the six months rose from £2.89m to £3.02m.

Pre-tax profits were struck after interest receivable of £220,440 (£93,241). There was also sundry income of £1,585 (£2,060), and profits from developments and property sales of £27,972 (£28,773). Interest charges and other expenses came to £1.44m (£1.34m).

Courtaulds jumps £25.1m midterm

A STRONG performance by the UK side of its operations boosted pre-tax profits of Courtaulds from £22.6m to £47.7m in the first half of the year to September 30, 1983.

In eddition the net interim dividend is heing lifted from 1p to 1.2p. Last year's total peyment was 3.25p from profits of £63.3m.

Turnover for the eix months improved from £886.6m to £973.4m and trading profits jumped from £31.4m to £54.1m; being UK £28.8m (£10.1m) and overseas £25.3m (£21.3m).

On a divisional basis the trading result hroke down as to: fibres and yarns £30.6m (£11.3m), fabrics £5.8m (£2.3m), consumer products £3.8m (£2.5m), International Paint £11.2m (£12.2m), BCL £5.8m (£2.7m), National Plastics £1.3m (£1.2m) and miscellaneous losses of £4.6m (£0.8m).

The pre-tax figure included a £1.1m (£1.6m) share of associates hut was efter interest payahle of £7.5m (£10.4m).

Tax took £10.3m (£9.9m) for earnings of 9.44p (2.83p) per 25p share and there were minority profits of £6.1m against £4.6m.

The directors report that the size of the increase in UK trading profit owes much to hetter business conditions which hecame epparent towards the end of 1982. Exchange rate changes, the end of destocking in the UK textile pipelina and a higher level of consumer spending all had a favourable impact on trading, they add.

About half of the increase in hoth UK domestic and export sales reflects volume growth. Managemant has continued to improve profitability by securing higher margin business and reducing costs, and there was a further significant improvement in productivity.

Exchange rate movements account for £1.5m of the rise in overseas profit, and £18m of tha rise in overseas sales. Trading conditions remain difficult for most overseas businesses, particularly those of the International Paint subsidiary, and sales volume overall showed little change, despite good increases from the North American viscose operation, the directors state.

Since the beginning of the current year, plans for further investment totalling £100m have been approved, including major projects in polypropylene film and woodpulp.

At International Paint, which is 88 per cent held, the half year saw pre-tax profits fall from £13.1m to £11.8m, and the interim dividend is maintained at 2p net. Last year's total payment was 5p when profits totalled £24.6m.

Sales at midterm were £179.9m (£171.1m) and the pre-tax figure included a £0.6m (£0.5m) share of associates. Last time it was struck after interest of £0.4m.

With tax taking £3.6m against £3.9m, the attributable halance came through at £6.4m (£7.5m).

The directors explain that the fall in trading profit from £12.2m to £11.2m was due to a continuation of difficult trading conditions, especially in the marina market, which particularly affected results in North America.

Profits of the Brazilian companies were also lower as a result of that country's economic problems. Improvements in profits elsewhere, assisted by cost reductions, were not sufficient to outweigh the reduced results from North and South America.

While there is little evidence es yet of any significant improvement in demand, the directors say, the company is maintaining or strengthening its position in its major markets during the recession.

See Lex

Century Oils recovers to £1.9m halfway

A MARKED recovery in pre-tax profits from £910,000 to £1.92m has been shown hy Century Oils Group for the six months to the end of September 1983. The directors believe that profits for the year will show a satisfactory recovery from the sethack experienced in the last full year when profits fell from £4.1m to £3.04m.

Turnover for the six months of this manufacturer of lubricants and allied products expanded hy 15 per cent from £32.3m to £37.41m due to a resumption in certain overseas contracts and to a general improvement in sales in most other areas.

The directors say that good progress has been made towards eliminating losses, particularly overseas, and this has resulted in a more normal provision for tax.

Tax charge rose from £702,000 to £988,000.

Although the directors say that world markets for lubricants are still somewhat depressed, they add the company continues to adapt its business "to meet the changing conditions anticipated in the future."

The net interim dividend is held at 1p. In the last full year a total of 3.4p was paid. Earnings per 10p share moved up from 1.37p to 4.12p.

At the operating level profits grew from £1.68m to £2.52m. Interest payable took £593,000 (£765,000).

Minorities came to £16,000 (£108,000) leaving the attributable balance ahead from £316,000 to £950,000.

● comment

Century Oils has been unwilling to hang around waiting for the recession to end in the U.S. mining industry, which is an important outlets for its lubricants. So it has chopped away vigorously, reducing tha U.S. workforce by a third, with the result that the division nearly broke even after losing around £500,000 in the comparable period. A similar campaign in Australia should more than halve losses there by the year-end. Elsewhere, a gennine improvement in demand from recovering industrial customers plus continued group cost reductions allowed margins to double to 5 per cent of turnover. Despite the lower overheads, borrowings hava gone down only marginally, since Century huilt up oil stocks earlier in the year in anticipation of the risa which took place in oil prices. The current half is seasonally stronger, so Century looks in reach of £4m pre-tax for the year. That pnts the shares, up 3p to 79p, on a fully taxed prospective multiple of 9.3.

Dataserv share offer to raise £7.4m

THE private U.S. computer company Dataserv, which has decided to seek a full listing on the Stock Exchange, is offering 9.8m shares for sale hy tender at a minimum price of 75p of which 6m are new shares.

Dataserv sells and leases new and used IBM computers and also provides a maintenance service. It will raise £7.35m at the minimum tender price and heve a market capitalisation of £18.6m.

Pre-tax profits of $2.1m are forecast for 1983, compared with $1.65m, with e dividend of 0.75 cents (0.5p).

Subscription lists will open on December 6. Samuel Montagu is the issuing house and Panmure Gordon hrokers to the issue. The striking price is expected to be announced soon after December 7

● comment

Dataserv bas two U.S. directors based in Minneapolis and two UK directors from the merged UK Premier computer company. A UK quotation is cheaper and carries more status than the OTC for which it was eligible in the U.S. The minimum tender price of 75p gives e prospective fully taxed multiple of 19.2 on weighted average earnings per share judiciously priced between tha PEs of Atlantic Computers and United Leasing when they came to the market. A premium of up to 10p seems likely if the weight of Cable aod Wireless over the market does not dampen enthusiasm.

Dutch side helps Bassett to £1m

FOR THE 28 weeks ended October 14 1983 Bassett Foods, confectionery and food group, pushed np pre-tax profit by £228,000 to £1.02m, the major contributory factor being the Dutch manufacturing company's return to profitability.

Overall, the overseas side made e trading profit of £101,000, compared with a loss of £215,000, while the UK's share rose from £1.05m to £1.28m. Group sales advanced hy £3.14m to £35.48m.

UK companies increased their sales hy 7.3 per cent, improving the market share of both sales within, and exports from, the UK. Despite further overall decline in sugar confectionery consumption in the domestic market, sales volume rose with the belp of strong marketing support hut at soma sacrifice of margin.

Export volumes improved strongly, and the recent steady progress in restoring contribution was maintained. The return to profitability of the Dntch manufacturing company reported in July has continued into the current year.

After tax £96,000 (£67,000) and minorities £1,000 (£11,000), tha attributable net profit comes out at £927,000 (£718,000). Earnings are 7.66p (5.93p) and the interim dividend is raised to 1.05p (1p).

For tha year ended April 1 1983 profit befora tax was £1.66m and the dividend total 3.7625p.

● comment

Bertie Bassett still plods on, the better for being rid of all these toys, oatcakes and TV games which the management burdened him with lo the late '70s. UK market share is up, but margins are down, not only because of marketing costs but because the ferocious summer made the manufacture of jelly habies and gumdrops such a sticky business that even the reduced market could not be fully supplied. The Dutch subsidiary is back in the black, but still has an implicit "For Sala" notice on it. Given the continued decline of tha UK sugar confectionery market, this poses the obvious question of where Bassett goes from here, especially given the unfortunata record of diversification in the past. Heavy capital expenditure is at last going into the existing UK business this year—but, although the management claims to have thonghts about new ventures, there is nothing yet to show for it. Pre-tax this year could be £2.2m or so, which on a still negligible tax charge would make for a prospective mulstiple, at 91p, up 5p. This is still a hard share to get excited about.

McLeod Russel U.S. write-off

McLeod Russel will write off a £1.9m investment in a Houston shopping centre in its accounts following the news that Interfirst Bank Houston, with a first charge over the development, intends to foreclose. The shares slipped 4p to 193p on the news.

The loss is a setback for the management of McLeod which has undertaken a major reorganisation since 1981, resulting in more than doubled turnover and en increase in pre-tax profits from £1.57m to £4.94m in the year to March. Traditionally based in tea and coffee plantations, it owns the UK paint manufacturer Joseph Mason, and has some property developments in the UK in addition to the Houston development.

The property deal, arranged by the old McLeod management, consisted of a loan from a wholly owned subsidiary to Haesly-Kinghorn Partnership, the developers of the shopping centre secured hy a second charge over the development.

The 130,000 sq ft Baytown development is near completion with 60,000 sq ft already let to a tenant which is trading. Interfirst, which is in financial difficulties, wants to foreclose and sell the development et an early opportunity, but McLeod considers an enforced sale of the development at this stage, not fully let, would be unlikely to leave any surplus for the second mortgagees.

McLeod has sought legal advice about recovering some of the funds. It believes that all the loan had not heen expended on the development and it will continue to have an unsecured claim against the developers

Acrow loss rises but better trend expected

LOSSES OF engineering group, Acrow, rose from £3.81m to £3.99m in the half year to September 30 1983. However, fundamental changes have taken place within the group which will bring improvements in the second six months.

The key objective of all continuing Acrow companies operating profitably could be achieved towards the end of the current year, the directors state.

Rationalisation has included three operations either being sold or closed, while manpower has been further reduced in the first half hy 780, of which 600 were in Coles Cranes.

The directors say it is still difficult to predict the outcome for tha full year, as several Acrow companies with traditionally short manufacturing cycles require considerable business to be secured and delivered in the current year.

Although markets continue to be depressed and unpredictable with fierce competition for every contract, the directors believe that the necessary orders will be obtained.

Despite an adverse trend in the construction plant industry throughout the world, Coles Cranes is now making a profit.

The group is continuing to receive the support of its bankers.

For the year ended March 31, 1983, pre-tax losses leapt from £3.64m to £10.33m and no dividend was paid (0.375p net). There is again no interim payment this year.

Turnover for the period dropped from £81.89m to £69.54m. Continuing businesses made a reduced loss of £2.46m (£3.5m) after interest payable of £2.39m (£2.73m), while those businesses ceasing to operate lost £1.53m (£0.31m) after interest of £0.6m (£0.55m).

There was again no tax, but after extraordinary charges up from £1.56m to £3.55m, the attributable deficit increased from £5.37m to £7.54m. The extraordinary items related to net costs of closing certain group businesses and the sale of shares in an associated company.

Loss per 25p share was up from 6.07p to 6.33p.

● comment

The news that Acrow's management expects to be providing cover for the interest charge before the end of the current year must be welcome news to the company's hankers, who have been keeping it alive on a drip-feed and certainly have more to lose than the shareholders. Once the latest losses and below the line debits have been knocked off, there seems to be little left in the way of distributable reserves, and group net worth of under £30m must still be supporting debt in excess of £40m. Even with a slug of exceptional costs depressing the first half, flattering the second, Acrow will be doing remarkably to achieva its newly announced target. But closures will have stopped almost all the operating losses, and a fifth of the interest hurden, so perhaps the market—which values the group at scarcely £12m—may be surprised. All the same, the shadow of IBH is still draped across the excavator scene, where overcapacity and dumping will depress margins for some time yet, while bridge-building in the third world is a victim of the deht crisis; even if Coles is back in the hlack, Acrow's recovery remains tenuous.

All round progress as Allied-Lyons advances to £90.5m

ALL THREE divisions of Allied-Lyons contributed to an increase in pre-tax profits from £73.9m to £90.5m for the 28 weeks to September 17 1983, on turnover of £1.46bn, against £1.33bn. Given the ahsence of any adverse factors, a satisfactory outcome for the year as a whole is expected.

Since September, sales volumes have remained difficult and cost cutting is still a feature. The directors say that while profits for the second six months should improve on last year's corresponding period "it would be sanguine to expect them to match the rate of increase shown in the report."

As always, profits for the second half are heavily dependent upon the level of trade for Christmas.

For the last full year, taxable profits rose by £18.4m to £159.6m from turnover of £2.64bn (£2.4bn).

In the current year the net interim dividend is being lifted from 2.2p to 2.42p—last year's final was 3.85p. Mid-term earnings per 25p share were 8.7p, compared with 7.4p pre-extraordinary items and 6.5p after.

A divisional analysis of pre-tax profits shows: beer £47.7m (£43m); wines, spirits and soft drinks £26.5m (£22.6m); and food £22.6m (£17.5m); less central companies losses £6.3m (£9.2m).

The food division performed particularly well, they point out, helped in part by the freedom from the effects of the damaging strike which distorted its results in the corresponding period last year, and a good contribution from ice cream.

The wines, spirits and soft drinks operation made substantial gains and the beer division results reflected continued progress helped by the summer weather

Trading profits for the interim period were ahead by £11m to £96.8m, after depreciation of £30.7m (£27.6m). Operating profits up from £90.6m to £102m included a surplus of £5.2m (£4.8m) on the disposal of properties and investments.

At the pre-tax level, profits were after associates' contributions of £11m (£11.7m) and interst income of £0.8m (£0.9m). Interest charges were £6m lower at £23.3m, mainly the result of lower interest rates.

Tax took £31.3m (£23m) and minorities accounted for £2.7m (£2.9m) leaving the attributable balance at £56.5m, against £42m last time which was after an extraordinary dehit of £6m.

The figures included the results of the group's U.S. companies for the half year to September 30 1983.

The directors point out that an epparent increase in total borrowings at September 17 1983 is matched by the elimination of dehtor finance of some £34m. This results in a corresponding increase in the total of dehtors which has also been affected by the high level of trade in August.

See Lex

Henara listing goes ahead

Henara, the holding company of Henna (Hair Health) which abruptly postponed its stock market flotation a couple of weeks ago, is now back on course for an underwritten offer for sale, possibly by the end of next week.

The original move towards e stock market quote, via a reverse takeover of cosmetic company Dixor-Strand, was stopped when a former director, Mr Martin Vincent, alleged that constituents of the powders of the kind sold hy Henna had been found to contain the fungus aspergillus.

According to Mr Tim Holland-Bosworth, of Henara's financial advisors, Kleinwort Benson, "initial tests suggest that there is not the slightest truth in an allegation that Henna is harmful."

The fungus aspergillus, can in some circumstances cause aspergillosis, a secondary infection. Mr Holland-Bosworth said that complete tests required the growth of e culture, and results from that experiment would be ready on Friday. But he pointed out that none of the scientists that the company had consulted had ever heard of a case of aspergillosis caused by the use of Henna.

It is believed that the issue will capitalise Henara at around £10m.

BOARD MEETINGS

TODAY

Interims: Allied Plant, Arbuthnot Government Securities Trust, BPB Industries, Beecham, Brickhouse Dudley, Buffelsfontein Gold Mining, Capital and Counties, Clydesdale (Transvaal) Collieries, Dawson International, Dreamland Electrical Appliances, Freshbake Foods, Grootvlei Proprietary Mines, Henderson Administration, M and G Second Dual Trust, Marievale Consolidated Mines, Rolfe and Nolan Computer Services, St Helena Gold Mines, Security Centres, Steinberg, Stilfontein Gold Mining, Trans-Natal Coal, United Computer and Technology, West Rand Consolidated Mines.

Finals: ICL, Marler Estates, MEPC, Morland, Samuelson, Wearwell.

FUTURE DATES

Interims—

Associated British Engineering	Dec
C.H. Industrials	Dec
Control Securities	Dec
Crosby Woodfield	Dec
Intasun Leisure	Dec
London and Midland Industs.	Dec
Premier Consolidated Oilfields	Dec
Shaw Carpets	Dec
Wedgwood	Dec
Woodhead (Jonas)	Dec

Finals—

Crown House	Dec
Hunslet (Holdings)	Dec
Metamec Jentique	Dec
NSS Newsagents	Dec
Trans-Oceanic Trust	Dec

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied-Lyons	int.	2.42	—	2.2	—	6.05
Bassett Foods	int.	1.05	Feb 7	1	—	3.76
Charter Cons.	int.	3.75	—	3.75	—	11
Century Oils	int.	1	Jan 27	1	—	3.4
Courtaulds	int.	1.2†	Jan 11	1	—	3.25
Diploma		6	Jan 13	3.4	7.5§	4.6
Evans of Leeds	int.	1.25	Jan 6	1.25	—	2.63
Fobel Intntl.	int.	1.2	—	1	—	2.4
Home Brewery		6.8	—	6	8.8	8
Intntl. Paint	int.	2	—	2	—	5
Selected Market Tst.		30¶	—	43	30	43
R. Kelvin Watson	int.	1.3	Feb 1	1.3	—	4

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § For 15 months. ¶ Gross through out.

Fobel rises to £1.2m and sees further progress

INCREASED pre-tax profits are reported by Fobel International for the six months to June 30 1983 and tha interim dividend is raised from 1p to 1.2p net.

Profits increased from £923,270 to £1.21m, and turnover of this manufacturer, distrihntor and retailer of DIY products, electrical appliances and electronic equipment, improved from £14.48m to £16.38m.

The directors say the year should produce e satisfactory result, and 1984 is anticipated to be e year of further progress with the UK DIY division returning to full profitability.

Steady progress continued in the opening half in the group's area of interest. The UK DIY division is gradually responding to management changes, and there has been a lesser burden from closures and redundancies.

Canade is seeing the benefits of acquisitions made during 1982, and a stronger housing market. In electronics, progress has been made in the stated aim of diversifying across a wider range of prodncts.

The Aquarius computer is now being marketed worldwide, and distrihutors have been appointed in most important countries.

A new division has been formed in the UK to market doors, to take better advantage of this sizeabla and growing market—in which the group has substantial expertise.

The directors anticipate that the electronics division will shortly conclude an investment in a U.S. company, and will then manufacture its product, a competitively-priced small business computer system.

A number of other projects are under active consideration in this country and abroad.

Pericom heads for USM via share placing at 140p

Pericom, computer terminal designer and manufacturer, is coming to the Unlisted Securities Market by way of a placing of 1,613,750 shares of 10p each at 140p per share.

At the placing price, Pericom's market capitalisation is £10.5m. It is placing 21.5 per cent of its equity with institutions and private clients. The total includes 250,000 new ordinary shares, which will raise £200,000 net of expenses.

Investors in Industry is selling 607,500 shares, reducing its stake in the company from 35 per cent to 22 per cent, while Mr Ron Cragg, the chairman, is disposing of 375,000 shares, which reduces his stake from 58.9 per cent to 51.9 per cent.

Turnover has increased steadily from £1.7m for the year to September 1979 to £7.2m in 1983. Pre-tax profits have risen from £52,000 to £965,000 over the same period. The directors sey the current year has started with an encouraging level of orders.

Brokers to the placing are Albert E. Sharp and Co. and Capel-Cure Myers, and the issuing house is Barclays Merchant Bank. Dealings are expected to start on Wednesday, December 7.

Over-the-Counter Market

1982-83 High	1982-83 Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	120xd	—	e.4	5.3	7.0	9.2
158	117	Ass. Brit. Ind. CULS	128xi	—	10.0	7.8	—	—
78	57	Airsprung Group	78	+2	e.1	7.8	22.3	22.3
46	21	Armitage & Rhodes	27	+1	—	—	—	—
242	96½	Bardon Hill	240	—	7.2	3.0	9.8	18.e
64	53	Bray Technologies	54	—	2.7	5.0	9.7	10.6
151	100	CCL 11pc Conv. Pref.	136	—	15.7	11.5	—	—
220	107	Cindico Group	107	—	17.6	18.4	—	—
86	46	Deborah Services	51	—	e.0	11.8	—	—
171	72	Frank Horsell	171	—	—	—	7.2	11.8
162	75½	Frank Horsell Pr Ord 87	162	—	8.7	5.3	8.8	11.2
83	40	Frederick Parker	40	—	7.1	17.8	2.5	4.0
55	32	George Blair	33	—	—	—	—	—
100	50	Ind. Precision Castings	50	—	7.3	14.6	13.9	17.2
232	100	Isis Conv. Pref.	212	+2	17.1	8.0	—	—
114	47	Jackson Group	109	+1	4.5	4.1	5.7	11.2
237	111	James Burrough	220	—	11.4	5.2	12.2	12.5
280	128	Robert Jenkins	128	—	20.0	15.8	14.8	10.0
83	64	Scruttons "A"	66	—	5.7	8.8	11.0	8.0
167	76	Torday & Carlisle	76	—	2.9	3.8	—	—
427	385	Travian Holdings	427	+2	—	—	8.7	8.0
29	17	Unilock Holdings	17	—	1.0	5.8	11.1	16.2
90	64	Walter Alexander	88	—	6.8	7.7	7.7	10.2
276	214	W. S. Yeates	252	—	17.1	6.8	3.9	8.1

Allianz statement on Eagle Star battle to be made on Monday

Allianz Verischerung, West Germany's largest insurer, plans to make e statement next Monday ou e possible new bid for Eagle Star Holdings, the British insurance group. Any new bid would value Eagle Star at more than £913m, the amount offered by BAT Industries, the tobacco group.

Following Monday's hectic bid activity, when Allianz announced a bid of 650p per share in cash for Eagle Star, which was immediately topped by an offer of 660p per share by BAT, Sir Denis Mountain, chairman of the British insurer, wrote to the group'e shareholders yesterday urging them to accept the offer from BAT.

Sir Denis said that the board of Eagle Star "intends to recommend you to accept the increased o"er from BAT. Meanwhile, I continue to urge you not to sign any document sent to you on behalf of Allianz." The recommendation by the Eagle Star board will be made following the approval of the acquisition by BAT's shareholders et an extraordinary general meeting on Thursday "and assuming that there is no higher offer from Allianz."

BAT announced the new terms of an alternative offer to the all cash bid for Eagle Star shares yesterday. In a statement it said that the alternative consideration has been increased to the equivalent of 220p in cash, 20p in loan stock and 220p in capital notes. The revised offer has been extended until 3 pm on December 21.

The group also said that prior to the announcement of its offer a subsidiary of BAT Industries held one ordinary share of Eagle Star. On November 28 1983 the same subsidiary acquired 1m ordinary shares in Eagle Star (0.72 per cent of the issued capital).

At 3 pm on Friday November 25 acceptances of the offers had been received in respect of 382,057 ordinary shares in Eagle Star, representing 0.29 per cent of the equity.

Before the flurry of bids on Monday this wek it is believed that informal meetings had taken place between Allianz and BAT representatives in an effort to see whether tho deadlock between the two sides could be broken. No common ground, however, could be found.

On the London stock market yesterday shares in Eagle Star rose 8p to 678p.

Rivals for Trident's non-casino activities

By Charles Batchelor

RIVAL bids may be made for Trident Televisiou's Windsor Safari Park and a number of other non-casino activities. This would thwart the proposed £1.9m management buy-ont of these businesses which is being led by Trident chairman, Mr Glyn Ward Thomas.

Lord Hanson, who is to take over as chairman of Trident if the management buy-out goes through, said approaches had been received from other interested parties who had made offers for these specialised businesses.

The Trident board adjourned yesterday's extraordinary general meeting to evaluate these proposals and compare them with those of the board.

Mr Ward Thomas said the outside approaches were a source of some disappointment and surprise but the Trident board was bound to try and get the best price for its shareholders.

He said: "This is a collection of rather specialised small companies which we did not think would have e wide appeal. Trident wants to dispoce of them as a package and it is ou this basis that our offer and the other approaches have been made.

"It is most unlikely we would increase our offer. There is no case for making a radical change in our proposals."

Trident is currently the object of e £58m take-over bid from the Pleasurama leisure group which is primarily interested in its casino activities. The Secretary of State for Trade and Industry is due to rule on the bid early next month.

Trident's shares rose 3p to 125p yesterday.

Ray Maughan studies Siebe Gorman's bid for Tecalemit

Wading through a war of words

Tecalemit will know shortly after 3 pm on Friday whelher it is to remain an independent company or whether its major shareholders have accepled the £18.3m bid by Siebe Gorman in sufficient numbers to breach the defeoce. Today, and the rest of this week, is the time for decisions.

Shareholders have been deluged with reams of paper since the bid started in the middlo of September—Tecalemit has written to its shareholders nine times and Siebe has also fired off five separate letters—but for all the bold claims and knocking eopy employed by botb sides, the outcome is likely to be finely drawn.

The bid terms were worth just £15m initially, but as so often happens, Siebe was forced to recast the offer after e slack response in the first three-week phase of the battle.

Now it is putting up three of its own shares for every 20 Tecalemit stock units or, alternatively, 990p casb for the same number of stock units. The offer now values the target et £18.3m.

In the sense that most contested bids can be described as opportunistic, Siebe picked a choice moment to start its action. Tecalemit's profits, wbich had reached almost £4.8m in 1979-80, had al lbut disappeared in the year to Marcb last.

Agaio the course of this particular offer is following e familiar path in that the defence has discovered, or re-discovered, its markcts, its order books, margins and e platform for revival.

What may matter more is that Tecalemit has said that profits will reach £1.75m in the curreo: year to March, will go on to hit aboot £1.5m lo the following six months. The defence is thus resting its case on profits of £2.65m before tax in the 12 months between September 1983 and September 1984.

It points out, following this forecast, that the earnings multiple of 8.25 at the cash offer price of 49.5p per stock ooit on e minimal tax liability substantially undervalues the company. The discount to assets is 26 per cent. The share offer terms as Tecalemit sees it, are scarcely more ettractive.

Tecalemit's income argument depends beavily on the extended profits forecast. The final distribuloo for the current year to March is going up from 0.8p to 1.1 per stock unit lifting the total to 1.9p.

For the subsequent six months, a dividend of 1.3p per stock unit is envisaged and Tecalemit is confident that it will be able to follow its usual practice of doubling up to make the total. The exit yield would then be 7.3 per cent.

In any event, Siobe's calculations differ markedly from Tecalemit's own figures. On a fully taxed basis, accepting Tecalemit shareholders will be selling out at 24.9 times this year's earnings or 15.8 times the forecast for the 12 months to next September.

These exclude what Siebe dubs *Tecalemit's "temporary"* property profits. Including the surplus from this source, the bidder estimates that the cash offer values each stock unit at 20.1 times fully taxed earnings for the year to Marcb 1984.

The City debate on the taxation of profits appears to be coming down in favour of those who would adopt the actual rate rather than a ootional full 52 per cent charge. Whether it is useful in tho context of comparative analysis to depress tax further by writing back unrecovered Advance Corporation Tax from previous years may be another matter.

Siebe has kept its head down as far as its full year forecast is concerned. Interim profits for tha period to September last have risen by 85 per cent to £3.6m and the onderiying growth rate, excluding the benefit of Siebe Norton Inc, is 25 per cent.

Its brokers, Grieveson Grant, are telling clients that full year profits will reach et least £9m, wbile Parsons, uncommitted in this battle, is looking for some £9.5m. In that case, Siebe is selling on about 14 times fully taxed earnings prospectively which suggests that, on a 52 per cent charge and over the same period, Tecalemit is trading et a notable premium of 20.1 times the cash offer.

Taking Siebe shares at 350p last night, the sbere offer values Tecalemit at 52.5p per unit

Tecalemit has pointed out that, with the cost of the Siebe Norton eequisition in the balance sheet, Siebe's historic net worth of £29.44m is supporting almost £32m of debt.

Of those borrowings, £23.3m is oon-recourse, as Siebe has pointed out, but more importantly, the equity offer or its underwritten cash alternative stand to reduce gearing considerably. On Parsons' estimates, net debt would be about 70 per cent of shareholders' funds post acquisition.

The bidder had an aggregate holding of 30.94 per cent last oight, although its disclosed acceptances of 6.94 per cent are not markedly encouraging thus far.

The outcome will hang on the City's view of the respective profits performance, the funds' attitudes toward tax aod loog-range forecasting and, above all, the continued belief that a capable defending management is always worth supportiog.

In this case, nobody is expecting to win or lose by a wide margin.

Oliver Prospecting in £0.57m all-share deal

BY CHARLES BATCHELOR

Oliver Prospecting & Mining Company is to acquire Candecca Ireland from Plascom, the Tarmac quarrying group's oil exploration subsidiary, in an all-share deal worth I£720,000 (£566,000) at Oliver's pre-suspension share price.

The deal will be financed by the issue of 1.2m Ir 5p Oliver shares which will leave Plascom with 40 per cent of the Oliver equity. Oliver is traded on the Irish Stock Exchange and under rule 163(3) in London.

The chairman of Oliver is Dr Oliver Waldron, a former Irish rugby international and managing director of J. Murphy & Sons, the private-owned building and engineering contractor. Candecca Ireland, which was sold to Plascom in March 1982 by Candecca Resources, has rights to a 10 per cent interest io blocks 49/17, 48/18 and 49/19 of the Williams Grid in the Celtic Sea, under a farm-in granted by Marathon Petroleum Company Ireland.

It also has a 15 per cent interest in seismic options on blocks 42/7, 42/11 and 42/12 in the Irish Sea. Oliver is committed to provide about $1.5m (£1.09m) to help spud in e test well in the Marathon farm-in before April 30 1984 and expects to give details of how this will be funded by January 31 1984.

Effectively Plascom has exchanged full control of Candecca Ireland, a private company, for e 40 per cent stake in Oliver, which has a public listing and easier access to funds.

On completion of this deal, Oliver will have 3.02m shares in issue and Plascom will nominate one director to the Oliver board. Oliver's shares were suspended on Thursday last at Ir 60p.

Tarmac bought out Candecca Resources' minority holding in Plascom earlier this month in a £4.35m cash deal.

Electronic Rentals

Electronic Rentals Group (ERG) has acquired the remaining 40 per cent of Terminal System Services of Derbyshire. Consideration will be £375,000 satisfied by the issue of 772,816 ERG ordinary shares.

This final purchase, accelerates the planned second and third acquisition stages which would originally have been spread over e five-year period. Maximum payment under the previous buy-out plan for the 40 per cent holding would have been £900,000.

Consideration for the whole issued capital has been £525,000.

Mercury's treatment of Akroyd holdings

SHAREHOLDERS of Akroyd & Smithers, one of the largest stockjobbing firms in the stock market, have been told that an extraordinary general meeting has been called to gain their approval for Mercury Securities' £41m acquisition of e 29.9 per cent stake in the business.

The meeting is to be held on December 19 at the Chartered Accounts Hall in Moorgate Place at midday.

Notice of the meeting is contained in the document sent out by the Akroyd & Smithers board *detailing the proposed* deal with Mercury Securities, the parent company of S. G. Warburg, the merchant bank.

The document details how Mercury plans to treat the holdings in Akroyd which its discretionary investment clients own. If these holdings were combined with the proposed 29.9 per cent shareholding that Mercury is seeking to take in Akroyd, the total stake would amount to more than the 29.9 per cent limit which outside interests can take in member firms of the Stock Exchange. Moreover, under Taekover Panel rules e shareholder, once in control of 30 per cent or more of a company, is obliged to make e bid for the rest of the equity.

The document says: "Discretionary Investment clients of the Mercury Group bold Akroyd shares and following the issue of new Akroyd shares, are expected to hold no more than 4 per cent of the enlerged capital.

Mercury has agreed with the Stock Exchange and the Panel on Take-overs and Mergers that to the extent that those Akroyd shares held beneficially for the Mercury Group taken together with the *discretionary clients'* boldings . . . exceed 29.9 per cent of Akroyd's equity share capital "Mercury will exercise the voting rights on the excess shares at the direction of Akroyd's executive directors."

Akroyd's executive directors "have in their turn undertakeo to the council of the Stock Exchange to direct Mercury in accordance with the Council's directions."

In these circumstances, Mercury will not be able to vote the full amount of its shares on any issue to bring its aggregate holdings within limits.

Crystalate offer for Royal Worcester unconditional

THE RECOMMENDED revised offer by Crystalate Holdings for Royal Worcester has been declared unconditional as to acceptances. The offer will remain open for acceptance until further notice. The cash alternative remains open until 3 pm tomorrow, but will not be extended beyond that time.

Acceptances have been received in respect of the equivalent of 2,906,013 Royal Worcester shares (42.94 per cent of the issued capital). Elections to receive cash under the cash alternative have been made in respect of 269.305 of these shares (3.98 per cent).

As at September 13 1983, the date when the original offer was announced, Crystalate held 530,000 Royal Worcester shares (7.83 per cent) and since that date it has acquired 245,000 shares (3.62 per cent).

In aggregate, Crystalate has therefore now acquired or agreed to acquire, the equivalent of 3,681,013 Royal Worcester shares (54.39 per cent of the share capital).

The shares of both Crystalate and Royal Worcester rose strongly yesterday ahead of the announcement, on speculation that the sale of Worcester's fine china activities was imminent.

Crystalate has said, however, that it would carefully weigh up its options—including maintaining, selling to another company or seeking a public listing for *this business—before acting.*

Crystalate's shares closed 18p higher at 180p yesterday while Worcester was 20p firmer at 365p.

BIDS AND DEALS IN BRIEF

CPU COMPUTERS, an Uolisted Securities Market quoted manufacturer of computer systems, has made an agreed bid for Computer Ancillaries Limited (CAL).

CPU already owns 28.8 per cent of CAL, and of the remaining 356,000 shares it has received irrevocable undertakings for acceptance of 265,201 shares (53 per cent) of CAL. The terms of the offer are 13 CPU ordinary shares for every 20 CAL ordinary, and will require an issue of approximately 231,400 new CPU ordinary.

On the basis of CPU's average share price of 123p, the total consideration for the offer is £284,622.

* * *

John Brown has re-formed its specialist design resources into a new company, John Brown Offshore Structures, which as consulting engineers, will undertake the structural design and engineering of offshore oil and gas installations worldwide.

Based in London, the new company is a wholly-owned subsidiary of John Brown Engineers and Constructors Inc of the U.S.

* * *

The formal offer document in connection with Astonford Investments recommended offers for the share capital, issued and to be issued, of Firmin & Sons has been dispatched to shareholders.

The directors and their financial advisers consider the terms and conditions of the offer to be "fair and reasonable," and unanimously recommend acceptance.

* * *

Courts (Furnishers) has completed the agreement to buy certain freehold property and other assets from Langlois, in Jersey, for £708,696. The consideration comprised £500,000 for the freehold property and the balance for the other assets.

Jones Lang Wootton has confirmed the value of the freehold property and Coopers and Lybrand has confirmed the value of the other assets, in a report to Courts.

* * *

Following the allotment to Langlois of 205,592 ordinary (aggregate value £250,000) on November 11, Courts has allotted to Langlois a further 358,858 ordinary at 128.1p.

At a meeting of Tate of Leeds, the proposed acquisition by Tete Family Holdings of all the ordinary in Tate not already owned by the family was approved.

If the Scheme of Arrangement is sanctioned by the High Court, it is anticipated that it will become effective December 9.

* * *

The board of Walter Runciman has noted recent newspaper reports of a possible offer being made for the company, and would like to state that they are not aware of anything in progress which would lead to an offer being made.

* * *

Margetts and Addenbrooke say that applications bave been received which, together with the directors' irrevocable commitment to subscribe, now exceed the minimum £1m required under the offer for subscription on behalf of Associated Farmers.

The offor remains open until December 2 at 3 pm.

* * *

J. Bibby and Sons, the industrial and *agricultural group*, has agreed with the joint receivers of Scotcros to acquire for a cash consideration the assets and goodwill of its animal feed businesses.

These comprise Parkers Animal Feeds, situated in Renfrew, and J. Derby and Sons (1960) of Castle Douglas, which together have assets of some £2m.

* * *

At court meetings of the bolders of ordinary and "A" non-voting ordinary in Hoover UK not already owned by Hoover U.S., and at the EGM held today, the scheme of arrangement whereby Hoover UK is to become a wholly-owned subsidiary of Hoover U.S. was duly approved by the necessary majorities. It is expected that the scheme will become effective on or aboot December 22, 1983.

* * *

The offer for Russell Brothers (Paddington) of 100p cash per share from Mr Neil Phoenix has become unconditional in all respects. It will close on December 16.

Acceptances have now been received in respect of the 402,140 shares (some 56 per cent of the capital) beld by two directors and the executors of Mr E. R. Russell, which had been irrevocably bound to the offer.

* * *

The offer by Mr J. R. Peace for Morland Securities has been accepted in respect of 5,820 ordinary shares (0.45 per cent).

On October 10 1983, being the date immediately prior to the announcement of the offer, Mr Peace agreed to purchase 690,000 Morland shares, representing approximately 53.26 per cent of the issued capital.

* * *

Acceptances have been received by Hillsdown Holdings in respect of 8,676,058 FMC ordinary shares representing 86.76 per cent of the issued ordinary share capital. On October 26 the day immediately before the announcement of the offer, Hillsdown did not own any shares in FMC. Since that date, Hillsdown has not acquired or agreed to acquire any shares in FMC.

All conditions relating to the offer have now been satisfied or have been waived. The offer has now been declared unconditional in all respects and remains open for acceptances until further notice.

SHARE STAKES

Telfos Holdings—Mr S. J. Cockburn, a director, stated that London Trust, of which ha is also a director, has disposed of 500,000 shares so reducing its holding to 500,000 ordinary (9.5 per cenl).

Plantation and General Investments, of which K. P. Legg (e Telfos director) is the major shareholder, now bolds 2,691,544 ordinary and £273,450 12 per cent convertible loan stock 1991 (51.3 per cent and 23.0 per cent respectively).

Zanmore, of which J. W. Malins (a Telfos director) is the major shareholder, has disposed of its 80,000 ordinary

Dunlop Holdings — Guaranty Nominees (a nominee company of Morgan Guaranty Trust Company of New York) has an interest as depositary and bolds 28,637,023 ordinary shares (19.91 per cent), upon which American Depositary Receipts (ADRS) are issued in the U.S. The ADRS are held by a large number of individuals. The previous notification from Guaranty Nominees was in respect of 26,430,623 shares (18.38 per cent).

Rock—R. A. Clarke, chairman and managing director, has purchased 65,000 ordinary shares.

Harvey and Thompson—Keep Investment Trust has purchased a further 40,000 shares making its holding 512,000 (16.3 per cent).

TR Property Investment—TR Industrial and General Trust bas sold its entire bolding of 13,044,960 ordinary (30.2 per cent).

Britannia Arrow Holdings—United Kingdom Temperance and General Provident Institution has increased its interest to 27.5m ordinary shares (18.42 per cent).

Blnemel Bros — Bulkeley Investments (Pte) has acquired e further 300,000 ordinary shares.

Brewmaker

Would-be investors have put up ebout £15m in an effort to obtain sbares in new USM company Brewmaker. The offor, which had comprised 4,222,000 1p shares at 33½p each, was over-subscribed by more than tenfold. The company, which manufactures and distributes home beer and wine kits, was the first USM issue to be handled by Harvard Securities, a firm specialising in the over-the-counter market. Dealings are to start on December 2.

COURTAULDS PLC

Interim Results

Unaudited results for the half year to 30 September 1983 are:-

1982/83 1st Half £m	1982/83 2nd Half £m		1983/84 1st Half £m
886.6	1,018.9	**Sales to External Customers**	973.4
415.9	454.2	Sales to UK Customers	438.1
177.4	196.5	Exports from UK (including inter-group)	202.5
318.4	393.2	Sales by Overseas Companies	362.1
10.1	25.4	**Trading Profit—UK**	28.8
21.3	24.5	—Overseas	25.3
31.4	49.9		54.1
1.6	2.6	Associated Companies	1.1
(10.4)	(11.8)	Interest Payable net of Investment Income	(7.5)
22.6	40.7	**Profit before Tax**	47.7
(1.6)	(3.3)	Taxation—UK (including ACT £2.0m)	(2.0)
(8.3)	(8.2)	—Overseas	(8.3)
(9.9)	(11.5)		(10.3)
12.7	29.2	**Profit after Tax**	37.4
(4.6)	(5.8)	Minority Interests	(6.1)
8.1	23.4	**Courtaulds Shareholders' Interest**	31.3
(0.1)	—	Preference Dividends	(0.1)
8.0	23.4	**Courtaulds Ordinary Shareholders' Interest**	31.2
2.83p	8.26p	Earnings per Ordinary Share before Extraordinary Items	9.44p

The breakdown of the trading profit between Product Groups is as follows:

1982/83 1st Half £m	1982/83 2nd Half £m		1983/84 1st Half £m
11.3	23.4	Fibres and Yarns	30.8
2.3	3.0	Fabrics	5.8
2.5	11.2	Consumer Products	3.8
12.2	10.4	International Paint	11.2
2.7	4.9	BCL	5.8
1.2	1.5	National Plastics	1.3
(0.8)	(4.5)	Miscellaneous	(4.6)
31.4	49.9		54.1

UK Trading

The size of the increase in UK trading profit for the first six mooths of 1983/84 over that for the same period in 1982/83 owes much to the better business conditions which became apparent towards the end of 1982. Exchange rate changes, the end of destocking in the UK textile pipeline and the higher level of consumer speoding all had a favourable impact on trading, particularly in Fibres & Yarns.

Approximately half of the increase in both UK *domestic and export sales reflects* volume growth. Managements have continued to improve profitability by securing higher margin business and reducing costs; there was a further significant increase in productivity. There has been little change in numbers employed in the UK during the latest half year.

Overseas Trading

Exchange rate movements account for £1.5m of the rise in overseas profit and £18m of the rise in overseas sales. Trading conditions remained difficult for most overseas businesses, particularly for those of International Paint, and sales volume overall showed little change, despite good increases from the North American viscose staple operations.

Capital Investment

Since the beginning of the year, plans for further investment totalling £100m have been approved, including major projects in polypropylene film and woodpulp.

Dividend

The Board has declared an interim dividend in respect of the 1983/84 year of 1.20p per Ordinary Share (gross equivalent 1.714p — 1982 1.429p) to be paid on 11th January 1984 to shareholders on the register on 29th November 1983. Taking into account the scrip element in the Rights Issue, this represeots an increase of 24% oo the previous year. The cost of the interim dividend after deducting ACT is £4.4m.

COURTAULDS PLC
18 Hanover Square, London, W1A 2BB

D. C. Pimlott, Secretary
29 November 1983

PARLIAMENTARY NOTICES

COMPANY NOTICES

REPUBLIC OF INDONESIA
U.S.$200,000,000
Floating Rate Notes due 1992

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 30th November 1983 to 31st May 1984 has been fixed at 10.4375 per cent per annum.

On the 31st May 1984 interest of US$530.57 per US$10,000 nominal amount of the Notes and interest of US$13,264.32 per US$250,000 nominal amount of the Notes will be due against interest Coupon No. 4.

SWISS BANK CORPORATION INTERNATIONAL LIMITED
Reference Agent

MESSINA LIMITED
(Incorporated in the Republic of South Africa)

ADDITIONAL INTERIM REPORT

	Twelve months ended 30.9.83	30.9.82
	(R000s)	
CONSOLIDATED PROFITS (unaudited)		
Operating Income	27 076	55 019
Interest Paid	20 719	14 000
Net Income before taxation and Extraordinary Item	6 357	41 019
Taxation	331	11 128
Net Income before Extraordinary Item	6 026	29 891
Attributable to outside shareholders	890	1 147
Net attributable Income before Extraordinary Item	5 136	28 744
Extraordinary Item	—	9 439
Net Attributable Income	5 136	19 305
	(Cents)	
Earnings per share (before Extraordinary Item)	44.5	251
Dividends per ordinary share	10	50
	(000s)	
Number of shares in issue	11 634	11 455
	(R000s)	
Interest-bearing borrowings		
Long Term	23 744	22 061
Short Term	123 069	88 461
Finance Leases	7 473	7 573
Capital Commitments		
Commitments in respect of Capital Expenditure	7 531	37 219

RESULTS

1. The trading climate in which the Group operates continued to deteriorate during the second 6 months. Metal prices which at the interim stage showed some signs of recovery failed to improve and both gold and copper prices declined considerably. The loss of R3.1m was incurred on mining operations for the 12 month period.
2. The smelter at Messina will be closed in December 1983 and future concentrate will be smelted and refined by Palabora Mining Company Limited. An improvement in smelting and refinery costs will result from this decision. The scale of operations is also being reduced to enable higher grade areas to be mined.
3. Income from industrial operations for the 3 months ended 31 December 1983 is not expected to be significant primarily due to the annual plant shut down in December.
4. The sale of the company's investments in Bonanza Gold Mine (Pty) Limited and Planet Mining (Pty) Limited to Egoli Consolidated Mines Limited will result in an extraordinary loss of approximately R1.3m which will be reflected in the results for the financial period ending 31 December 1983. This transaction is not expected to have any material effect on Group earnings.
5. The Group has foreign borrowings amounting to approximately US$84m which bear an average interest rate of 11% per annum which is 6% below current domestic rates. The exchange rate at which these borrowings were converted at 30 September 1983 was US$0.905 to R1. In accordance with our accepted accounting policy these borrowings will be converted at the exchange rate prevailing at 31 December 1983 and provision made for any unrealised loss.
6. In the light of current trading conditions the amount of a final dividend, if any, will depend on results for the 15 months period which will be announced during March 1984.

By Order of the Board
MESSINA LIMITED
A. W. BRADSHAW
London Secretary

Registered Office:
25 Wellington Road,
Parktown 2193.
Johannesburg.

Transfer Offices:
154 Market Street,
Johannesburg 2001.
8 Greencoat Place,
London, SW1P 1PL

28th November, 1983.

HILL SAMUEL OVERSEAS FUND S.A.
Société Anonyme
Luxembourg, 37, rue Notre-Dame
R.C. Luxembourg B 8422

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of Hill Samuel Overseas Fund S.A., a société anonyme organized under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the offices of Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg, at 2.30 p.m. on December 9th, 1983, specifically, but without limitation, for the following purposes:

1. Submission of the reports of the Board of Directors and of the Statutory Auditor.
2. Approval of the Balance Sheet and the Profit and Loss Statement and appropriation of the results as at September 30th, 1983.
3. Discharge of the Directors and of the statutory Auditor for the proper performance of their duties for the period ended September 30th, 1983.
4. Receipt of and action on nomination for election of Directors and of the Statutory Auditor for a new statutory term.
5. Renewal of the authority of the Board to issue shares within the limits of the authorized capital.
6. Any other business.

Approval of Item 5 of the above Agenda will require a quorum of one-half of the shares issued and outstanding and the affirmative vote of two-thirds of the shares present or represented at the Meeting.

Approval of the remaining Items of the Agenda will require no quorum and the affirmative vote of a majority of the shares present or represented at the Meeting.

Subject to the limitations imposed by law and the Articles of Incorporation of the Fund, each share is entitled to one vote. A Shareholder may act at any Meeting by proxy.

By order of the Board of Directors

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE
CANADA-UNITED KINGDOM FREIGHT CONFERENCE

NOTICE TO SHIPPERS AND IMPORTERS

TRAFFIC TO AND FROM CANADA

UNIFORM INLAND RATES IN THE U.K.

Manchester Liners Ltd. } Joint
Golden Cross Line Ltd } Membership

Canadian Atlantic Freight Secretariat Ltd.
Secretaries.

Cunard Building,
Liverpool L3 1DS
November 1983.

BANK HANDLOWY
W. WARSZAWIE S.A.
US$30,000,000 Bonds Loan
1978/88 Floating Rate

The rate of interest applicable for the six months period beginning on 30 November 1983 and set by the Reference Agent is 11 $\frac{5}{16}$% annually.

ROLINCO

LEGAL NOTICES

No. 006858 of 1983
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER of
SLOANE INDEPENDENT HOSPITALS LIMITED
and
IN THE MATTER of
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that a Petition was on the 11th day of November 1983 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Premium Account of the above-named Company from £1,434,150 to £543,638.

And notice is further given that the said Petition is directed to be heard before The Honourable Mr. Justice Nourse at the Royal Courts of Justice, Strand, London on

Queen Anne's Chambers,
3 Dean Farrar Street,
Westminster, SW1H 9JX
Parliamentary Agents.

the said Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated this 24th day of November 1983.

Travers Smith, Braithwaite & Co.,
6 Snow Hill,
London EC1A 2AL.
Solicitors for the said Company.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 01-734 0557.

BOND DRAWINGS

THE MORTGAGE BANK OF THE KINGDOM OF DENMARK
6¼% LOAN 1966/86 SERIES XX

HAMBROS BANK LIMITED hereby gives notice that in accordance with the terms and conditions of the above loan the redemption due 25th January 1984 has been effected by the purchase of US$113,000 (Nominal) and the undermentioned bonds amounting to US$552,000 (Nominal) were drawn on the 15th November 1983 for redemption at par. The outstanding balance after the 25th January 1984 redemption is US$1,360,000 (Nominal).

The drawn bonds may be presented to Hambros Bank Limited, 41 Bishopsgate, London EC2P 2AA or to the other Paying Agents named on the Bonds.

For payment in London, bonds will be received on any business day and must be left three clear days for examination.

BONDS OF US$1,000

HAMBROS BANK LIMITED
30th November 1983

Residents of Switzerland can apply for a partial refund by submitting a Form R.NL 1 to the Dutch Fiscal Authorities. This form can be obtained from the Eidgenössische Steuerverwaltung, Bern. Reduction to 15%.

Residents of Italy can have a full refund by submitting Form 92 IT, certified by their local tax inspector, to the Inspector of Corporation Tax, Wibaut Straat 2-4, Amsterdam, with the relevant dividend note.

In all other cases Netherlands Dividend Tax at 25% will be deducted from the gross dividend.

Exemption from United Kingdom Income Tax may be claimed by lodging the usual affidavit certifying non-residence in the United Kingdom.

SUB-SHARE CERTIFICATES REGISTERED IN THE NAME OF NATIONAL PROVINCIAL BANK (NOMINEES) LIMITED

United Kingdom Banks and Members of the Stock Exchange should lodge claims together with the appropriate

MINING NEWS

Companies and Markets

Charter's interim results bolstered by share sales

BY KENNETH MARSTON, MINING EDITOR

THANKS to a profit of £12m before tax on part of the sale of shares held in Rio Tinto-Zinc, an increased net attributable profit for the half-year to September 30 is announced by Charter Consolidated.

It amounts to £20.9m, equal to 19.9p per share, compared with just on £16m in the same period of last year.

Charter is maintaining its interim dividend at 3.75p; the previous year's final was 7.25p.

	Half year to Sept. 30 1983	1982
	(£000)	
Turnover	293,722	206,833
Operating profit	5,265	8,237
Investment income		
Assocd. companies	2,107	2,301
Other investments	2,131	5,806
Retained profits of assoc. companies	2,943	5,856
Realisation of invests.	15,709	6,530
Interest receivable	4,279	4,317
Making	32,434	31,107
Admin. and technical	2,510	2,696
Prospecting expend.	817	631
Interest payable	7,692	3,501
Profit before tax	22,049	24,279
Taxation	2,761	7,059
Profit after tax	19,288	17,220
Minority interest	1,615	1,244
Attributable (note 2)	20,903	15,976
Earnings per share	19.9p	15.2p

Otherwise, Charter has had a poor first half. Operating profits have fallen below expectations, the major disappointment having been the performance of the Scottish mining equipment group, Anderson Strathclyde which was acquired last March for £95m in a controversial bid.

Anderson Strathclyde has been hit by a severe, and largely unexplained, contraction in orders for machinery spares from the National Coal Board.

At the same time the 51 per cent-owned National Mine Service Company of Pittsburgh has wilted with the general recession in the U.S. mining equipment industry, suffering a six-month trading loss of £2.7m.

At home, the Shand contract coal mining group has also had a poor six months, partly because of a reduction in the contracted coal tonnage taken by the NCB and partly because of the wet spring weather which caused problems at the open-pit operations. Shand's Malaysian activities continued to make losses.

Of the other mining interests, the Beralt operation in Portugal has had to cope with a fall in production as a result of a strike lasting from May to July as well as low prices for its wolfram. The Cornish South Crofty tin mine has been adversely affected by a rock burst which disrupted production and also by lower ore grades.

Amidst this gloom, however, Charter's other industrial activities, including the important Cape Industries, Heatrae-Sadia and Pandrol, have continued to do well. But group interest charges have been boosted by U.S. borrowings.

Questioned about the outlook for the second half of Charter's financial year Mr Neil Clarke, the deputy chairman and chief executive, said that while the high level of share realisation profits would not be repeated he would be very disappointed if there were no "significant" improvement in operating profits.

He pointed out that while the other industrial interests continue to do well Anderson Strathclyde itself also trades profitably: the National Mine Service subsidiary should significantly reduce losses in the second half, but any marked turnround awaits a revival in demand for its products.

Shand should also do better although there is the little matter to be settled of a tender for the construction of a bridge in Scotland at a price considerably less than the expected cost of the work; a provision of £2m has been made to cover the difference and negotiations on a claim are being held with the client.

Charter's results for the full year to next March will also benefit from the inclusion, as an extraordinary item, of the disposal of the long-term holdings—as opposed to those held as portfolio investments—of RTZ and Minerals and Resources Corporation. This will amount to a net £41.2m, made up of £25.1m for RTZ and £16.1m for Minorco.

On the other hand, another extraordinary item will be Charter's share of the losses incurred by John Matthey's U.S. jewellery operations. The sharemarket's view of the overall picture was reflected in a fall in the shares of 20p to a year's low of 210p yesterday.

See Lex

MINING NEWS IN BRIEF

THE Harbour Lights gold prospect in Western Australia should be a profitable long-life gold mine, according to Mr Bill Galbraith, chairman of Carr Boyd Minerals. He told the annual meeting that this estimate was based on "today's parameters of costs, gold prices and no tax."

The mine is now expected to come into production in the second half of 1985, following the completion of final feasibility studies around the middle of next year.

Mr Galbraith said that financing was not expected to be a problem, as present plans would allow initial treatment facilities to be funded from the partners' own resources. Cash flow in the second and third year of operation should pay for further plant.

* * *

Improvements in efficiency and the effects of the devaluation of the peso helped Marcopper Mining, a producer of copper concentrates in the Philippines, to achieve net profits of Pesos 28.15m (£1.4m) in the nine months to September 30. This compares with a loss of Pesos 70.58m at the same stage of last year.

Marcopper, in which Canadian interests own 40 per cent, operates a mine and mill in Tapian on Marinduque Island.

* * *

Gold production at Otter Exploration's Griffin's Find open-cut gold mine in Western Australia is expected to rise next month to 100 ounces a week, with ore throughput increasing to 200 tonnes a day.

The latest quarterly report also discloses that the milling rate is to be boosted to between 300 and 350 tonnes a day in January, giving gold production of 180 oz a week.

* * *

Australis Mining believes it is on the verge of becoming a significant gold producer in Western Australia, and hopes to report a maiden profit in the year to next June, writes Mr Brian Smith, chairman, in the latest annual report.

The company's plant at Norseman has achieved its design capacity of 400 tonnes of ore per day, producing 225 ounces of gold a week. Mr Smith reports that the facility could be doubled, and this will be considered seriously when proved reserves of 1m tonnes of ore have been established.

* * *

Atok Big Wedge Mining of the Philippines has reported net profits of Pesos 10.81m (£536,000) for the first nine months of 1983. The company derives its income from 83 gold claims which are operated by Benguet Corporation in the Baguio mining district of northern Luzon.

Benguet provides equipment and working capital for the mining operations, and pays Atok half of profits as a royalty.

* * *

Australian Consolidated Minerals, which is still pushing ahead with exploration at its Big Bell gold prospect near Cue in Western Australia, has announced that it has awarded a contract for shaft sinking at the Golden Crown gold prospect nearby.

The contract provides for the sinking of a shaft to a initial depth of 272 metres and an estimated 1,000 metres of level development. Work is expected to start in early December, with completion likely by mid-1985.

Golden Crown has estimated reserves of 350,000 tonnes of ore at an average grade of 20 grammes of gold per tonne.

The Western Australia Government has opened discussions with representatives of Japanese steel producers over the future of the iron ore industry in the state's Pilbara region.

Mr May Bryce, Deputy Prime Minister, said that the talks were mainly of a technical nature, and covered, among other matters, estimates of demand and the impace of new steelmaking technologies.

Mr Bryce added that the Government will also be seeking representations from the iron ore producers, and the various viewpoints will be considered in the preparation of a White Paper on the industry which is expected to be ready early next year.

ART GALLERIES

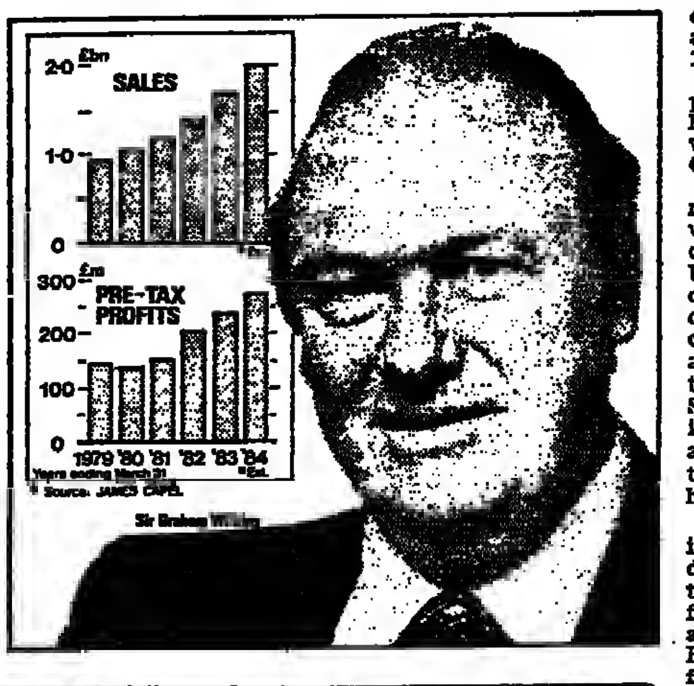
THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

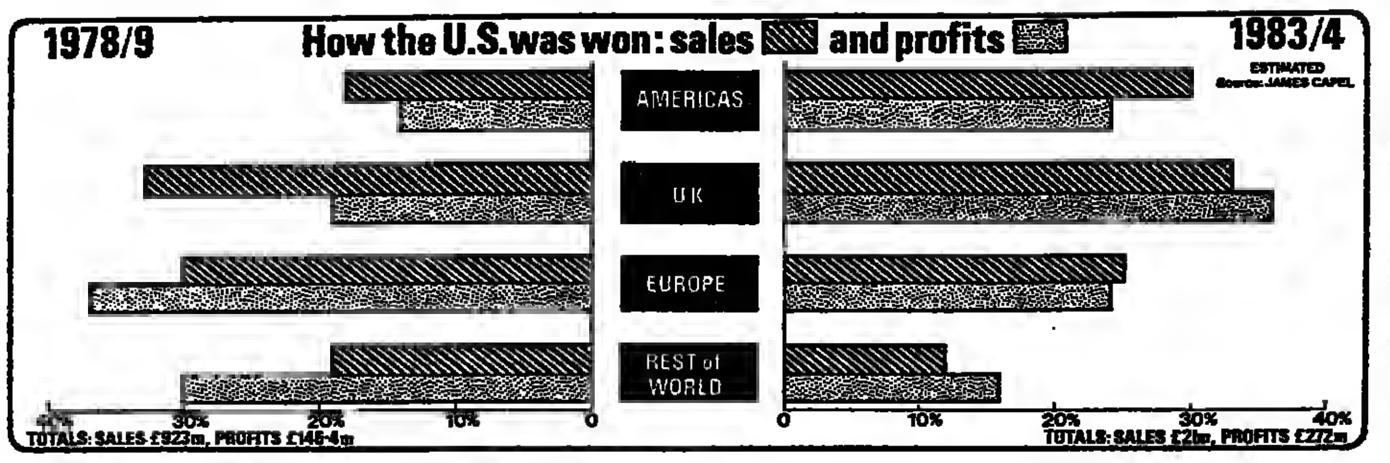
Beecham Group

Searching the world for growth

Carla Rapoport reports on the consumer products and pharmaceuticals company's strategy for further expansion



Sir Graham Wilkins



BEECHAM GROUP will today announce interim figures which are likely to show respectable progress, an event which is by now a predictable one for the large, multinational consumer products and pharmaceuticals group.

But it seems that predictability, like familiarity can breed contempt. Beecham's shares, which were outperforming the FT All-Share Price Index from mid-1980 to the end of last year, are now below the level relative to the index that they were at in early 1978.

Beecham's managers, in the group's Art Deco building on the western edge of London, are aware of the thin layer of dust sticking to their image in the financial community. Nonetheless, they are determined to prove that their corporate strategy is still the best one for Beecham.

"If we can plan for continuous growth, steady and reliable growth, it is better all around," says Sir Graham Wilkins, the group's chairman.

"With the big upswings, you can get a kind of euphoria and a tendency to rush around making decisions you can later regret," says Ted Bond, the group's finance director. "If you do have these ups and downs, you can't be sure when you should be launching new products."

And launching and re-launching products worldwide is what Beecham is all about — from Iron Jelloids to Andron, a perfume "scientifically designed" to attract a mate. But Beecham faces some major challenges to its quest for steady profit growth: with sales likely to top £2bn this year, can the group keep on expanding in the way it has in the past? And now that the group has muscled into the hotly competitive international consumer product arena, can it hold its own against giants like America's Colgate-Palmolive ($5bn in sales a year), Procter and Gamble ($12bn a year) and Lever Brothers, a division of the leviathan Unilever?

Bond admits the challenges are tough ones, but Sir Graham is undaunted. He says the solution lies with two equally important management tenets. First, delegate power down to units which are small enough to provide plenty of room for growth. Second, move successful products into new countries and give them enough advertising support to challenge the established players.

"You've got to bear in mind that there are comparatively few countries where we have substantial market shares. There is a tremendous amount of growth left in filling in some of those products into additional markets," says Sir Graham. "The secret of the thing is getting your management structure right so the units are small enough and they can really get on with it themselves."

True to this philosophy, the executive committee which effectively runs the company is remarkably small. It includes just Sir Graham, Ted Bond and the chiefs of the company's pharmaceutical and consumer products division. Each of the latter two executives has just six managers under them, each of whom has direct profit responsibility. Unlike a company like Unilever, which operates on a more civil service-type system, Beecham's structure has helped preserve a sense of entrepreneurialism about the company, based on the heavy personal responsibility delegated to each employee.

This atmosphere is almost palpable at Beecham House. A visitor can't escape the impression that Sir Graham and Bond live and breathe Beecham, that any missed profit forecast aggrieves them personally. This hypersensitivity makes for a sense of tension at the upper levels of the company which seems to inspire Beecham people to do their utmost to push their products into more markets worldwide.

One market which Beecham has been filling assiduously with its wide range of products is the U.S. The group does not break down its North and South American sales, but its sales and profits from the Americas have jumped substantially (see charts) and are soon likely to rival the group's UK business.

Much of the fuel for this "filling in" process has been provided by acquisitions, particularly in the U.S. As more consumer products groups have had "For Sale" signs over their doors than drug companies, the expansion has been mainly in that side of Beecham's activities. This has been another reason for the City's disenchantment with Beecham—drugs are considered a potentially more glamorous business than bath oil and cough medicines.

But Beecham has done well with its new businesses. Although nearly as reticent about detail as a member of MI 5 the company says that overhead reductions and reorganised marketing efforts have led to sharp improvements on margins at both J. B. Williams, bought in 1982 for $100m, and DAP, acquired early this year for $68m.

At J. B. Williams, for example, nearly the whole top management was sacked and the group's lavish New York headquarters scrapped. Beecham decided to concentrate on just five well-known but tired brands, including Aqua Velva hair preparation, Sominex, a sleeping aid, and Geritol, a tonic. In the six months to September, 1983, these five products, with sales of around $25m, have provided a 50 per cent increase in trading margins and Beecham expects more improvements to come.

Meanwhile, Beecham was also launching itself again into the U.S. toothpaste market. The group geared up its advertising budget to challenge Colgate and P and G on their home turf and succeeded handsomely, winning some 12 per cent of this prime $700m-a-year market. Not surprisingly, the competition are fighting back with their own version of the Aquafresh gel toothpaste.

Even so, the success of Aquafresh to date, according to Sir Graham, has provided the company with the right "critical mass" to command the shelf space and advertising clout necessary to launch another product nationwide. Advertising expenditure in the U.S., for example, has nearly trebled since 1978 to around $140m today.

"We can now launch major products in the U.S. without having to worry about how it will affect our profits," say Sir Graham.

Beecham is currently test-marketing six to eight products with an eye toward launching one or two nationally in the U.S. next year. These include a conditioning shampoo, a range of cosmetics, and a new anti-cold, anti-decongestant. Careful attention is certain to be paid to the names for the products. Silvikrin, a top-selling shampoo in the UK, bombed in the U.S., apparently because Americans thought it was only for grey-haired grandmothers.

The group's avowed goal of international expansion and delegated responsibility means that Beecham executives can find their next job might be anywhere in the world. John Robb, chairman of the group's food and drink division, spent time in the Far East and U.S. before returning to the UK in the late 1970s. Like others in Beecham, he had soaked up business techniques which have been re-imported into the UK to good effect.

"In the U.S. you couldn't walk around the corner without someone trying to sell you something. Here, we're much too reticent about selling. I think we are still behind the U.S. on this," he says.

He applied the intrusive approach with Lucozade, one of Beecham's oldest drinks. He has trebled the annual UK advertising spent on the product since 1977 and introduced the notion that Lucozade provides energy, rather than just improved health. Sales responded smartly, more than doubling to between £25m to £30m today, compared to a general food inflation in the period of around 60 per cent.

Using Sir Graham's "small unit" approach, similar rockets have been put under other new and old products like Horlicks, Bovril and Ribena. The latter, a sweet grape drink usually associated with the nursery, is now offered in small tetra-paks, in a fizzy variety and, shockingly, in an orange flavour.

On Beecham's pharmaceutical side, business has been a bit slower. The group earmarked nearly a third of the £200m it raised in a rights issue this summer for expansion of the group's ethical drugs business and another £100m is available for a suitable acquisition, if one can be found before another good opportunity in consumer products arises. Even so, Beecham has not had a new best-selling drug for some time. This gap wouldn't be so noticeable if its old rival and former take-over candidate, Glaxo, wasn't reaping so much success from its anti-ulcer drug, Zantac.

Beecham's newest drug, Augmentin, an antibiotic, has received only lukewarm reception in the UK market, with sales of around £2m a year nearly two years after it was launched. Beecham says it expected the drug to grow slowly because its best-selling older antibiotic, Amoxcyl, is so well-entrenched with UK doctors. In addition, the drug has yet to be approved in either Japan or the U.S., where strong sales could swiftly provide a lift for the division.

The group is expecting regulatory approval soon of another new drug, Nambumetone, an anti-arthritic. Expectations for this drug, however, have to be dampened for the time being because of the extra scrutiny being accorded this class of drug following the controversial withdrawal of Eli Lilly's Opren last year. Even if Nambumetone is given full approval by U.S. and UK authorities shortly, and even though the drug's side-effects profile is thought to be superior to other products in this category, Beecham will be marketing the drug cautiously.

"Pharmaceutical profitability almost always goes in steps," says Sir Graham. He expects the next major step for the division to arrive well before the end of the 1980s, however.

Part of his expectations for the division lies with the fact that Beecham has worked hard to diversify away from its traditional reliance on antibiotics. Its portfolio of prospective drugs now includes products in the cardiovascular area, an agent for controlling weight without using an appetite suppressant, and a new anti-depressant.

Further, the chairman of the pharmaceuticals division has just retired and the new chief, James Pollard, is seen by his colleagues as a more approachable man, a quality which Beecham feels is of prime importance.

The group is also planning to appoint a full-time manager of investor relations, a new executive function for Beecham. To date, all inquiries have been handled by the Sir Graham and Bond, leading to some City criticism that responses to inquiries can take too long.

Sir Graham now 60, says he is likely to leave the group before his mandatory retirement at 62. His replacement is certain to come within the group, he says, and he does not expect radical shifts to result from his departure.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Land deeds

In 1953 I purchased a small business which involved several plots of land, all of which at the time of purchase were used by the previous owner as part of that business. We have used these plots of land ever since and have fenced the area off and planted trees, which are now well established. Most of the plots are covered by title deeds which we hold, but now the Local Authority are laying claim to one of these plots not covered by title deeds. Could you tell be where we stand on the matter?

If the plots have been fully fenced so as to exclude the council you should be able to establish a title by adverse possession for upwards of 12 years.

Pay agreement

I pay an "after tax" wage to some of my employees and this creates difficulties if they work only for a short time.

Recently I employed a person part-time for six weeks at about £48 per week after tax and NI. She has now gone on to another job, where she receives board and lodging plus £10 per week. I am committed to paying her tax and NI for the period she worked for me. However, if, as I suspect, her total earnings in the tax year will eventually fall below the threshold, then she will receive back from the Inland Revenue what I have paid in tax on her behalf. In other words she will in the end have received from me not £48 per week but a substantially higher sum. She is not being dishonest, but one could hardly expect her to pay me back when she is reimbursed for excess PAYE payments.

Is there any way I can avoid making these unnecessary payments to the Inland Revenue—or at least delaying them until they are found to be necessary?

No; you are bound by the PAYE regulations (and by the contract which you made with your ex-employee).

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

COMPANY NOTICES

KILLINGHALL TIN (MALAYSIA) BHD

(Incorporated in Malaysia)

RIGHTS ISSUE OF 28,000,000 NEW SHARES OF 50 SEN EACH AT A PRICE OF $1.30 PER SHARE

Shareholders are reminded to take note of the following important dates:

LAST DAY AND TIME FOR

Splitting	7th December 1983 at 5.00 pm
Acceptance and Payment	29th December 1983 at 5.00 pm
Renunciation and Payment	29th December 1983 at 5.00 pm
Excess Shares Application and Payment	29th December 1983 at 5.00 pm

In view of the above dates, shareholders who are *not* domiciled in Malaysia and Singapore are advised *not* to split their provisional allotments.

All rights issue documents and the accompanying provisional letters of allotment were mailed on 29th November, 1983.

By order of the board
KILLINGHALL TIN (MALAYSIA) BHD

HARRISONS & CROSFIELD PLC
UK Branch Register
30th November, 1983

LEUMI INTERNATIONAL INVESTMENTS N.V.

U.S.$60 MILLION GUARANTEED FLOATING RATE NOTES 1989 EXTENDIBLE AT THE HOLDER'S OPTION TO 1992 (2nd ISSUE)

The interest rate applicable to the above Notes in respect of the six-month period commencing Wednesday, 30th November, 1983, has been fixed at 10 5/16% per annum.

The interest amounting to U.S.$52.42 per U.S.$1,000 principal amount of the Notes will be paid on Thursday, 31st May, 1984, against presentation of Coupon No. 3.

BANK LEUMI TRUST COMPANY OF NEW YORK
Principal Paying Agent

H. J. HEINZ COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 5½% Debenture Stock 1976/85, of this Company will be closed from 17-30 January 1984 — both dates inclusive.

Hayes Park
Hayes
Middx.

H. J. HEINZ COMPANY LIMITED

NOTICE IS HEREBY GIVEN that in order to prepare the final interest payment due 31st January 1984, the transfer books of the 6% Debenture Stock 1975.84 of this company will close at 5 p.m. on 16 January 1984 and will not re-open.

Hayes Park,
Hayes, Middlesex.

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Wednesday November 30 1983

Floating-rate notes hit but new issues persist, Page 32

WALL STREET

Record high after pledge by Regan

WALL STREET stocks surged ahead to close at a record high after Mr Donald Regan, the Treasury Secretary, had spoken in Washington of the Administration's commitment to the reduction of federal deficits, which he described as "a threat to economic well being". Bond markets responded vigorously with gains up to half a point, *writes Terry Byland in New York.*

Widespread gains in leading stocks pushed the Dow Jones industrial average through its Columbus day's peak of 1284.65 to end the session 17.38 higher at 1287.20. Volume was heavy and by the closing bell some 100.5m shares had been traded.

Both the Nasdaq over-the-counter markets and the American Stock Exchange also advanced strongly, indicating a general improvement across the full range of common stocks.

The improvement in leading stocks was headed by caution but was helped along by a $2¾ gain to $121⅞ in IBM. Weakness in the of computer leader, which is now 11 per cent off its peak despite the favourable reception for the new Peanut computer, has been an unsettling factor for the stock market.

The AT&T stocks continued to head the active list with the new stock trading busily at $20⅝, a net $¼ off. The old stock shed $3¼ to $64¾ with the price regulated by the terms of exchange into the new stocks, effective in the New Year.

There were some firm spots in the high-technology sector. National Semiconductor gained a further $1⅜ to $51¼ despite the suit against the company by IBM, while Texas Instruments at $137½ put on $2¼.

Commodore International added $1½ to $39⅝. A fresh gain of $1⅛ to $23⅜ in Coleco Industries was ascribed to press coverage of its highly successful Christmas toy, the Cabbage Patch Kids doll. Coleco stock made a delayed start because of an influx of buying orders.

Gains in leading industrial stocks were widespread, with the motor sector providing an exception to the generally firm trend. With analysts disappointed by the recent trend in car sales, there were falls of $1⅛ to $74¾ in General Motors, $⅝ to $26⅝ in Chrysler.

Transport issues rallied from the weakness of the previous session. United Airlines, $1¼ up at $34⅝, led the air carriers ahead, while in rail stocks it was Burlington Northern, $3 up at $104½, which saw buyers.

Monsanto, still recovering strongly from the dull phase of two months ago, put on $2½ to $107¾. Du Pont added $1⅜ to $54½ but other chemical issues lacked buyers. Pharmaceuticals benefited from bargain-hunting and despite the continued strength of the dollar there were gains of $⅝ for Pfizer at $37¾, Bristol-Myers at $44⅜ and Merck at $98¾.

General Electric added $1⅛ to $58 and Westinghouse Electric $3⅛ to $55 on strong demand for electrical issues. Other active issues included Warner Communications, $½ up at $22⅞ awaiting news of recent share buying.

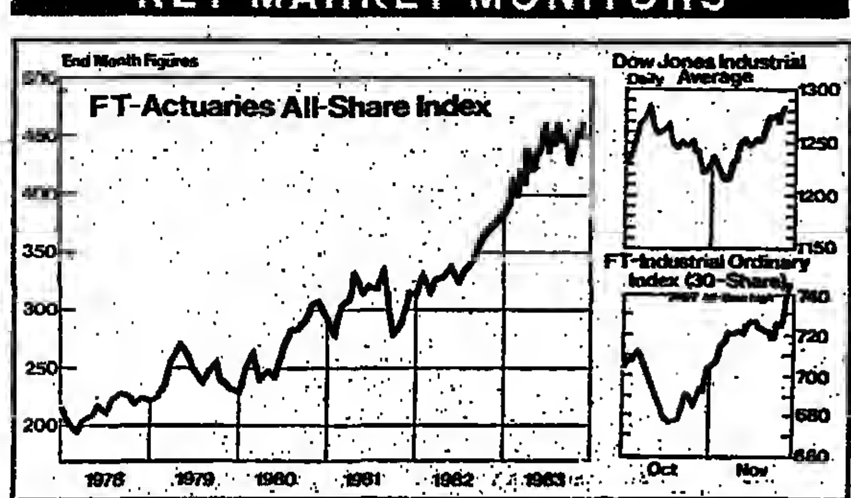
Credit markets rallied at midsession as the Federal Reserve announced $2.5bn in customer repurchases with the Federal funds rate at 9⁵⁄₁₆ per cent. Later, with the funds at 9¼ per cent, and first reports of Mr Regan's speech reaching the markets, the key long bond rose to 103, a net ¹⁵⁄₃₂ higher, to yield 11.63 per cent.

Treasury bills stood at discounts of 8.85 per cent for three-month bills and 9 per cent for six-month.

But the investment mood was still cautious as dealers awaited the day's auction of $6bn in five-year Treasury notes.

The market's chief concern currently – money supply figures notwithstanding – is the disclosure that the banks have borrowed $285m from the Fed over the past three weeks. Many analysts see this as evidence that the Fed has tightened its credit grip, although Mr Peter Canlo at Merrill Lynch, said he would be "dumbfounded by such a policy."

KEY MARKET MONITORS



STOCK MARKET INDICES

	Nov 29	Previous	Year ago
NEW YORK			
DJ Industrials	1287.20	1269.82	1002.85
DJ Transport	611.08	603.79	424.39
DJ Utilities	136.99	136.80	115.77
S&P Composite	167.91	166.54	134.20
LONDON			
FT Ind Ord	746.90	743.90	569.50
FT-A All-share	460.89	460.92	375.42
FT-A 500	495.84	495.20	417.42
FT-A Ind	454.20	453.26	391.89
FT Gold mines	546.00	557.10	465.70
FT Govt secs	82.98	83.02	79.25
TOKYO			
Nikkei-Dow	9256.35	9294.71	7996.19
Tokyo SE	684.41	687.15	581.44
AUSTRALIA			
All Ord.	745.40	743.40	487.80
Metals & Mins.	551.80	547.80	402.90
AUSTRIA			
Credit Aktien	53.87	53.97	47.63
BELGIUM			
Belgian SE	127.37	127.21	97.62
CANADA			
Toronto Composite	2539.55	2507.47	1815.50
Montreal Industrials	451.27	443.05	311.64
Combined	430.90	424.18	303.80
DENMARK			
Copenhagen SE	194.86	196.07	89.17
FRANCE			
CAC Gen	149.49	150.70	102.10
Ind. Tendance	159.80	161.40	123.30
WEST GERMANY			
FAZ-Aktien	344.32	345.61	238.02
Commerzbank	1020.00	1025.60	719.10
HONG KONG			
Hang Seng	857.25	841.43	732.32
ITALY			
Banca Comm.	190.73	192.33	166.61
NETHERLANDS			
ANP-CBS Gen	144.30	144.30	96.10
ANP-CBS Ind	114.90	113.90	79.00
NORWAY			
Oslo SE	202.97	203.89	97.09
SINGAPORE			
Straits Times	943.43	946.78	727.20
SOUTH AFRICA			
Golds	803.20	n/a	783.40
Industrials	893.70	n/a	729.70
SPAIN			
Madrid SE	124.79	124.73	103.32
SWEDEN			
J & P	1485.88	1477.67	823.92
SWITZERLAND			
Swiss Bank Ind	360.50	359.10	269.00
WORLD	Nov 28	Prev	Yr ago
Capital Int'l	181.20	181.40	146.8

GOLD (per ounce)

	Nov 29	Prev
London	$392.625	$393.125
Frankfurt	$392.50	$394.25
Zürich	$391.50	$394.25
Paris (fixing)	$391.04	$380.65
Luxembourg (fixing)	n/a	$381.00
New York (Dec)	$395.20	$395.20

* Indicates latest pre-close figure; † Nov. 23

CURRENCIES

(London)	U.S. DOLLAR Nov 29	U.S. DOLLAR Previous	STERLING Nov 29	STERLING Previous
$	–	–	1.4585	1.46
DM	2.7175	2.7115	3.965	3.96
Yen	234.6	234.8	342.5	343
FFr	8.2625	8.2425	12.045	12.0325
SwFr	2.182	2.178	3.185	3.18
Guilder	3.044	3.0375	4.4425	4.4375
Lira	1645	1640.5	2395.5	2395
BFr	55.12	54.99	80.4	80.3
C$	1.24075	1.24025	1.809	1.81

INTEREST RATES

	Nov 29	Prev
Euro-currencies (offered rate)		
£	9⅝	9⅝
SwFr	4⅛	4⁵⁄₁₆
DM	6⅛	6³⁄₁₆
FFr	13	13⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	9¹³⁄₁₆	9¹¹⁄₁₆
6-month U.S.$	10⅛	10⅛
U.S. Fed Funds	9⅛	9⅛
U.S. 3-month CDs	9.5	9.5
U.S. 3-month T-bills	8.86	8.84

U.S BONDS

Treasury	Nov 29 Price	Nov 29 Yield	Prev Price	Prev Yield
10⅜ 1986	99²⁹⁄₃₂	10.60	99²⁶⁄₃₂	10.64
11½ 1990	99²⁹⁄₃₂	11.50	99²⁷⁄₃₂	11.53
11.75 1993	101	11.56	100²⁶⁄₃₂	11.59
12 2013	102³¹⁄₃₂	11.63	102¹⁶⁄₃₂	11.68
Corporate	**Nov 29 Price**	**Nov 29 Yield**	**Prev Price**	**Prev Yield**
AT & T				
10⅜ June 1990	94½*	11.60*	94	11.70
3⅞ July 1990	67.810*	10.85*	68	10.80
8⅜ May 2000	76¼*	12.10*	76⅜	12.10
Xerox				
10⅞ March 1993	93½*	11.80*	92⅞	11.90
Diamond Shamrock				
10⅜ May 1993	92⅛*	12.25*	91⅝	12.25
Federated Dept Stores				
10⅞ May 2013	86⅝*	12.35*	87⅜	12.25
Abbot Lab				
11.80 Feb 2013	95⅜*	12.35*	96.40	12.25
Alcoa				
12⅜ Dec 2012	95½*	12.85*	96.18	12.75

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	71–30	71–30	71–08	71–14
U.S. Treasury Bills (IMM) $1m points of 100%				
December	91.10	91.12	91.01	91.04
Certificates of Deposit (IMM) $1m points of 100%				
December	90.55	90.58	90.46	90.49
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.26	90.26	90.21	90.26
20-year Notional Gilt £50,000 32nds of 100%				
December	109–13	109–20	108–28	109–04

COMMODITIES

(London)	Nov. 29	Prev
Silver (spot fixing)	619.30p	598.35p
Copper (cash)	£993.50	£992.00
Coffee (Nov)	£1909.00	£1907.00
Oil (spot Arabian light)	$28.40	$28.32

LONDON

Rally paves way for second peak

LEADING EQUITIES rallied from an early weakness in London, enabling the FT Industrial Ordinary index to close at a second successive record level.

The index, down 3.6 at mid-morning, ended 2.8 up on the day at 746.7, for a rise of 22.3 in four trading sessions.

The flagging buying interest was revived by Allied Lyons' impressive half-year statement and an even better first-half performance from Courtaulds. Allied closed up 9p at 121p and Courtaulds 3p ahead at 153p, after peaking at 155p.

Government stocks were held in check by uncertainties in sterling. Longer-dated stocks eased by around ¼ while shorter maturities were mixed.

South African gold shares met profit-taking after Monday's advance.

Details, Page 25; Share Information service, Pages 26-27.

AUSTRALIA

THE GOLD price revival ignited Sydney demand in the mining sector and allowed the all ordinaries index a brief excursion above its record high before closing 1.8 firmer at 745.4.

Some A$19m of BHP's equity changed hands – almost a third of total turnover – and its price advanced 20 cents to A$14. Of the golds Central Norseman jumped 70 cents to A$ 6.90 and Poseidon 40 cents to A$4.75.

Energy and industrial issues were neglected, with banks weaker but retailers holding up.

SOUTH AFRICA

EARLY GAINS for gold shares in Johannesburg, which were attributed to short-covering by London dealers, were later pared on the view that the overnight bullion rise had been overdone.

Among heavyweight producers, Libanon stood R1 higher at R41, but Harmony fell the same amount to R22.75.

Other minings were mixed, as were industrials, where Missina shed 70 cents to R4.70 following lower pre-tax profits for the year to September.

HONG KONG

TRADING remained dull and fetureless in Hong Kong but buying from local investors, prompted mainly by technical factors, enabled the Hang Seng index to rally 15.82 at 857.25.

One focus of activity was Hutchison Whampoa, up 60 cents to HK$13.80. Cheung Kong, its associate, picked up 15 cents to HK$7. Hang Seng Bank did well with a HK$1.25 gain at HK$37.25.

China Light, ex its one-for-four scrip from today, corrected HK$2.90 downward at HK$11.60.

SINGAPORE

AN INCREASE in Singapore turnover from recent lethargic levels was attributed mainly to liquidating of positions as investors tired of waiting for a clear direction to emerge, and the Straits Times industrial index slipped 3.35 to 943.43.

Sime Darby, the day's most active, eased 2 cents to S$2.26, while Fraser and Neave gained 10 cents at S$6.30.

After trading suspensions Sim Lim dropped 27 cents to S$2.79 and Tuan Sing 3 cents to S$1.38, but SPPL added 11 cents at S$2.81.

CANADA

WIDESPREAD gains were recorded in Toronto, with the advance led by the metals, oils and transport sectors. Of the major groupings, declines were seen only in management, pipelines and golds.

The same firmer trend was evident in Montreal where only the banks sector moved weaker.

TOKYO

Vulnerable areas as volume thins

DISCOURAGED by a decline on Wall Street overnight, Tokyo investors retreated further to the sidelines yesterday, leaving equities depressed for a second consecutive session, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average fell 38.36 to 9,256.35 on a low volume of 200.90m shares, down from Monday's 240.39m. Declines far outnumbered gains 427 to 242, with 187 issues unchanged.

Small-lot selling continued to hit Hitachi and Sony, and Matsushita Electric Industrial stayed weak. Also losing ground were speculative stocks. Only small-capital issues attracted buying orders amid the bearish market mood.

In the absence of new incentives elsewhere, some cotton spinners drew attention on morning reports of a firm cotton yarn market. Investors also selected non-ferrous metal stocks, spirited by the upsurge of the London non-ferrous metal market.

However, the cotton spinners slackened in the afternoon as buying orders were issued in small amounts. Nisshin Spinning rose Y6 to Y468 and Kurabo Industries Y2 to Y294.

As for the non-ferrous metal sector, Sumitomo Metal Mining climbed Y60 to Y1,090 and Mitsui Mining and Smelting Y16 to Y478.

Hitachi weakened Y9 to Y790 on persistent light selling caused by its dispute with IBM over the U.S. computer giant's software. Sony, reflecting increasing international preference for VHS-format video cassette recorders over its own Beta format, slumped Y90 to Y3,150.

Since the turn of the month, the Tokyo equity market has seen its turnover exceed 300m shares in only four sessions. This attested to the lack of vigour in the market, which in turn dispirited buying.

With the outlook uncertain ahead of next month's election, only incentive-backed small capital issues put some life into the market: Toshiba Machine advanced Y25 to Y612, OKD Y38 to Y635 and Hattori Seiko Y54 to Y995. Conversely, pharmaceuticals turned lower on a broad front.

With the approach of the date for the settlement of margin buying, Arabian Oil plunged Y130 to Y4,280 and Tokyu Construction Y11 to Y465.

Bond prices remained all but unchanged, reflecting a supply-demand equilibrium. Trading was extremely slow, because traders were husy coping with an auction for Y350bn in three-year, 6.6 per cent government bonds.

The yield on 7.5 per cent government bonds, maturing in January 1983, fell from the previous day's 7.605 per cent to 7.60 per cent, the year's lowest.

EUROPE

Familiar themes hold buyers back

THREE FAMILIAR dampeners to buying enthusiasm on the European bourses lined up together yesterday, and the result was a cautious retreat in most centres.

From New York overnight the news was, first, a sizeable shift back into gold; and second, a lower Wall Street outcome. Then as the day progressed, it became clear that a third factor was to be the dollar – later fixed at record highs against the French franc, lira and peseta and finishing at a 15-week peak against the D-Mark.

Resilience was most clearly in evidence in **Zurich**, where the general and industrial market indices reached peaks for the year, as did the markers for chemicals and foods.

Banks showed marginal movements, and domestic bonds were barely changed.

Frankfurt had finished trading for the day by the time news came of corruption charges facing Count Otto Lambsdorff and a predecessor as Economics Minister, Dr Hans Friderichs of Dresdner Bank. Dresdner, which had drifted down DM 2.80 to DM 170 broadly in line with the weaker market, was quoted between that level and DM 171 in after-bourse dealings.

Sentiment was improving towards the close, after the 5.6 lower calculation of the Commerzbank index at 1,020.0. Helping the better tooe were favourable earnings from Bayer – although its stock dipped DM 1.80 to DM 171 as speculators moved out – and from Degussa, which gained DM 3 to DM 364, drawing benefit also from the upturn in precious metals prices.

Allianz, with Eagle Star of the UK still beyond its grasp, veered between DM 862 and DM 870 but ended steady at DM 865.

Domestic bonds shed as much as a half-point, and the Bundeshank bought DM 17.9m of paper after raising new five-year bond yields to 8.05 per cent from the current 7.85.

Gist-Brocades in chemicals featured an otherwise dull **Amsterdam** with a Fl 8 jump to Fl 156.50 on its one-for-seven rights issue.

The day's upset came from Ahold, which set the coupon on its Fl 100m of bonds with warrants at 5.25 per cent, rather than the previously indicated 6.25 per cent. The change, made because of the recent rise in its share price, brought a swift Fl 3 reveral to Fl 177. Existing domestic bonds were steady.

Paris failed to shake off profit-takers, despite a quarter-point cut in the Bank of France intervention rate to 12 per cent and a call money rate which, at 11¾ per cent, was the lowest since March 1981.

A stronger and more active **Stockholm** showed Asea SKr 12 up at SKr 412 and Swedish Match SKr 9 higher at SKr 283.

Steady **Brussels** trading provided Vieille Montagne with a BFr 100 gain at BFr 3,350.

Fiat, expected hy some to increase capital, went against the dull **Milan** trend with a L49 rise at L3,154. Bonds firmed. Banks diverged in **Madrid** while food issues were weakest.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close

Continued on Page 23

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22⅝	8⅞	AAV	.32	2.0	12	15	15¾	15⅞	15¾	+ ⅛
4¼	2⅛	AICPh				2	2⅛	2¼	2¼	
6⅞	1¾	ATI				320	2⅛	2	2	
12¾	2¼	AcmePr			9	8	6⅝	6⅛	6⅝	
19½	12	AcmeU	s.32	2.0	17	7	15⅝	15⅝	15⅝	−⅛
14½	4⅛	Action	s		9	72	12⅝	12⅜	12⅝	+⅛
12	6⅞	Actonr	.11	1.5	25	95	7¼	7⅛	7⅝	
6½	2½	Actn	wt			60	3⅛	2⅞	3⅛	+ ¼
6	1⅞	AdmRs				30	3⅝	3¼	3¼	
3-32	1-32	AdmR	rt			165	1-16	1-32	1-32	
30⅞	17¼	AdRusl	s.16	.4	15	228	24¼	23⅞	24¼	+ ½
28¾	14⅞	Adobe	.24	1.2	14	25	20⅝	20⅜	20⅜	
5⅞	2⅞	AeglsCp			14	42	4	3⅞	4	+ ⅛
7	4	Aeronca			6	40	5⅝	5⅜	5⅝	+ ⅜
45	24⅞	AffPb	s.64	1.6	16	44	40⅝	40¼	40⅝	+ ⅜
17½	8¼	AlrExp			9	71	12¼	11⅞	12⅛	+ ⅜
15½	6⅛	AlrExp				155	6⅝	6⅛	6⅛	+ ⅛
5½	4½	Alamc	n		6	117	4⅝	4¼	4⅛	− ⅛
23⅞	5⅞	AlbaW	.15e	1.1	9	11	14	13⅞	13⅞	− ¼
12¾	7⅞	AlmyS		1.6		15	11⅞	11⅞	11⅞	− ⅛
10½	5⅞	AlphaA				41	7⅝	7	7⅝	+ ½
28¾	16⅞	Alphain	.05	.3	25	20	19⅞	19⅝	19⅝	− ¼
22¼	12¾	Altest	.40	1.8	14	6	22¼	22¼	22¼	
2⅞	7⅛	Alten				106	1⅝	1⅜	1⅝	
11-16	1-16	Altex	wt			20	5-16	¼	¼	−1-16
32⅞	14¼	AlzaCp				396	18	17¼	17¼	− ⅛
28⅝	13¼	Amdhl	s.20	1.1	20	2551	18⅝	18⅜	18½	
25⅞	6⅞	Amedc	s.06	.6	17	105	14⅛	13⅞	13⅞	− ¼
8	2	AmCap				5	3	3	3	
44¼	20⅞	AExp	wt			80	24⅞	24	24⅛	
15½	5⅞	Aminsl			2	20	6¼	6⅛	6¼	
19⅞	10½	AMzeA	.52	3.9	57	28	17¼	17⅛	17⅛	+ ¼
18¾	10⅞	AMzeB	.52	3.1	84	10	16⅝	16⅝	16⅝	− ¼
15¼	2¼	AMBld	s			1282	2⅞	2⅝	2⅝	+ ⅛
36½	25⅛	AMotin	.25	.7	13	95	34	33⅞	34	+ ⅛

Continued on Page 24

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 22

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
53⅝	49¼	Xerox	pf5.40	11		404	49¾	49½	49½	− ¼
37	18¾	XTRA		16	33	111	35	35⅜	35⅜	+ ⅛
34	20⅞	ZaleCp	1.28	5.9	16	56	32⅝	32⅜	32⅝	− ⅛
21⅞	14⅝	Zapata	.84	4.9	7	165	17⅛	17	17⅛	+ ⅛
52⅞	29⅜	Zayre	s.50	.6	15	417	47	46⅝	46⅝	
34½	12⅞	ZenithR			40	950	34⅛	33⅞	34¼	+1
38⅜	22¼	Zero	s.48	1.4	21	9	35	34⅝	34⅝	
37⅞	24¾	Zurnin	1.32	4.6	8	347	27⅞	26¾	27⅝	− ½

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 23

CANADA

DENMARK

FRANCE

GERMANY

ITALY

AUSTRIA

BELGIUM/LUXEMBOURG

NETHERLANDS

Nov. 29	Price Fls.	+ or —
ACF Holding	183.5	—1.3
Ahold	177	—3
AKZO	86.5	—0.4
ABN	364	—2
AMEV	148	—3.4
AMRO	69.5	......
Bredero Cert	175.8	+0.3
Boskalis Westm	38.0	......
Buhrmann-Tet	49.2	......
Caland Hldgs	32.2	—0.3
Credit Lyon'is Bk	38.7	+1.3
Elsevier- NDU ov.	463	—2
Ennia	182	—2
Gist.-Brocades	150.5	+8
Heineken	127.8	......
Hoogovens	37	+0.1
Hunter Douglas	17.5	—0.1
Int-Muller	29.1	—0.4
KLM	176.3	—0.2
Naarden Intl	40.5	—0.2
Nat Ned Cert	183.9	—0.0
Ned. Credit Bank	30.0	......
Ned Mid Bank	138.3	—0.7
Nedlloyd	105.8	—1.2
Oce Grinten	213	+1
Ommeren (Van)	33.5	—0.2
Pakhoed	49.5	—1.8
Philips	43.8	+0.2
Rijn-Schelde	4.6	—0.6
Robeco	326	+0.3
Rodamco	129.3	+0.1
Rolinco	314.2	—0.8
Rorento	199.2	—0.2
Royal Dutch	134.7	+0.3
Unilever	249.2	+0.2
VMF Stork	80.3	—0.7
VNU	114.5	+0.5
West Utr Bank	99.9	—0.1

NORWAY

Nov. 29	Price Kroner	+ or —
Bergens Bank	137.5	+1.5
Borregaard	172.5	+5
Christiania Bk	138	+1.0
Den Norsk Credit	147.5	......
Elkem	107.5	+8.5
Norsk Data	260	+5
Norsk Hydro	490	—2.5
Storebrand	166	—1.5

SPAIN

Nov. 29	Price Pts%	+ or —
Bco Bilbao	250	—1
Bco Central	265	+3
Bco Exterior	217	......
Bco Hispano	211	—1
Bco Santander	358	......
Bco Vizcaya	311	—2
Dragados	121	+1
Hidrola	40.5	+1
Iberduero	42	......
Petroleos	105	+0.3
Telefonica	87.7	+0.7

SWEDEN

Nov. 29	Price Kronor	+ or —
AGA	358	+2
Alfa-Laval	280	+6
ASEA (Free)	412	+12
Astra (Free)	635	......
Atlas Copco	116	......
Boliden	416	+7
Cardo	360	—5
Cellulosa (Free)	100xc	......
Electrolux B	237	......
Ericsson	414	—1
Esselte (Free)	312	......
Fagersta	400	......
Mo Och Domsjo	370	+3
Pharmacia(Free)	342	—3
Saab-Skania	888	+2
Sandvik B (Free)	315	......
Skandia	500	+10
Skan Enskilda	301	+1
SKF B	154	+1
St. Kopparberg	586	+11
Sven Handelsbn	192	+2
Swedish Match	283	+0
Volvo B (Free)	409	—1

SWITZERLAND

Nov. 29	Price Frs.	+ or —
Alusuisse	782	+4
Bank Leu	4,100	—50
Brown Boveri	1,280	+40
Ciba Geigy	2,280	+30
Do. (Part Certs)	1,820	......
Credit Suisse	8,170	+10
Elektrowatt	2,855	+40
Fischer (Geo.)	610	+10
Genevoise	3,650	—00
Hoff-Roche PtCts	100,800	+500
Hoff-Roche 1/10	10,025	+50
Jacobs Suchard	0,500	—25
Jelmoli	1,840	......
Landis & Gyr	1,390	—10
Nestle	4,420	+20
Oer-Buehrle	1,235	+5
Pirelli	256	—3
Sandoz (Br)	7,500	—150
Sandoz (PtCts)	1,155	+0
Schindler (PtCts)	405	—5
Swissair	912	—3
Swiss Bank	305	+3
Swiss Reinsce	7,300	+100
Swiss Volksbk	1,405	......
Union Bank	3,290	+5
Winterthur	2,940	—5
Zurich Ins	17,425	—86

AUSTRALIA

Nov. 20	Price Aust. $	+ or —
ANZ Group	5.86	—0.02
Acrow Aust	1.5	+0.25
Alliance Oil D.	0.80	—0.05
Ampol Pet	1.02	—0.02
Aust Cons Ind	1.85	—0.04
Aust. Guarant	2.85	......
Aust. Nat. Inds.	2.7	—0.1
Aust. Paper	2.42	......
Bond Hldgs	1.4	......
Boral	3.85	—0.15
B'ville Copper	9.7	+0.05
Brambles Inds	3.22	......
Bridge Oil	3.1	+0.05
BNP	14	—0.2
CRA	5.88	—0.08
CSR	4	—0.05
Carlton & Utd	3.12	—0.02
Castlemaine	4.35	—0.15
Coles (G.J.)	3.85	+0.06
Comalco	3.00	......
Consolidated Pet	0.05	—0.05
Costain	1.35	—0.05
Dunlop	1.55	—0.05
E.Z. Ind	6.0	......
Elders IXL	4.2	......
Energy Res	1.75	—0.03
Gen Prop Trust	2.02	—0.03
Hardie (J.)	3.54	......
Hartogen Energy	2.49	+0.02
Herald W'y Times	3.2	+0.05
ICI Aust	2.28	......
Jimb'lana 50cFP	0.20	......
Kia Ora Gold	0.18	......
Lend Lease	5.1xc	—0.06
MIM	3.95	—0.1
Mayne Nickless	2.90	......
Meekatharra	1.25	......
Myer Emp	1.9	......
Nat.Com.Bk.	3.65xc	—0.05
News	9.6	......
Nicholas Kiwi	3.3	—0.05
North Bkn Hill	3.35	......
Oakbridge	1.15	+0.04
Otter Expl	0.55	......
Pancon	1.28	—0.05
Pioneer Conc	1.82	—0.02
Reckitt & Coln	2.48	—0.02
Repco	1.29	—0.01
Santos	6.02	+0.02
Smith (H.)	4.45	—0.05
Southland Min'g	0.24	......
Spargos Expl	0.42	+0.05
Thos. Natwide	9.08	+0.01

HONG KONG

Nov. 29	Price H.K.$	+ or —
Bank East Asia	20	+0.3
Carrian Invest	0.87	......
Cheung Kong	7	—0.15
China Light	11.6xc	—2.3
Hang Lung Devel	1.38	......
Hang Seng Bank	37.25	+1.25
HK Electric	6.4	+0.05
HK Kowloon Wh.	3.57	+0.02
HK Land	2.75	+0.05
HK Shanghai Bk.	7	+0.1
HK Telephone	34	+0.5
Hutchison Wpa	13.8	+0.6
Jardine Math	11.2	—0.3
New World Dev	2.7	+0.08
Orient O'seas	2.07	+0.02
O'seas Trust Bk	2.72	......
SKN Props	4.45	......
Swire Pac A	14.3	+0.5
Wheel'k Mard A	2.95	+0.05
Wheel'k M'time	1.73	+0.15
World Int. Holdgs	1.40	+0.02

JAPAN

SINGAPORE

SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

	Nov 23	Nov 16	Nov 9	Year Ago (Approx)
Ind div yield %	3.97	3.97	4.01	4.77
Ind. P/E Ratio	14.45	14.37	14.18	8.82
Long Gov Bond Yield	11.49	11.61	11.76	10.41

Nov 29	Nov 28	Nov 25	Nov 24	1983 High	1983 Low
-	-	-	-	442.62 (6/5)	79.79 (24/1)

RISES AND FALLS

	Nov 29	Nov 28	Nov 25
Issues traded	2020	2085	1887
Rises	992	682	808
Falls	598	981	625
Unchanged	430	442	454

MONTREAL	Nov 29	Nov 28	Nov 25	Nov 24	1983 High	1983 Low
Industrials	451.27	443.05	440.85	438.02	493.08 (5/5)	329.12 (4/1)
Combined	430.9	424.18	422.87	420.91	441.25 (26/9)	319.4 (5/5)
TORONTO Composite	2530.5	2507.4	2496.4	2478.0	2598.2 (26/9)	1949.8 (4/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

	Nov. 29	Nov. 28	Nov. 25	Nov. 24
AUSTRALIA All Ord. (1/1/80)	745.4	746.6	738.4	733.2
Metals & Mnrls. (1/1/80)	551.6	548.5	540.3	530.4
AUSTRIA Credit Aktien (2/1/62)	53.87	53.87	54.06	54.03
BELGIUM Belgian SE (31/12/63)	127.53	127.21	125.60	125.44
DENMARK Copenhagen SE (3/1/83)	194.86	196.87	195.76	194.35
FRANCE CAG General (31/12/82)	149.4	150.7	(u)	148.7
Ind Tendance (31/12/82)	159.8	161.4	(u)	158.9
GERMANY FAZ-Aktien (31/12/58)	344.32	345.61	345.1	342.99
Commerzbank (Dec 1953)	1020.0	1025.6	1025.2	1019.5
HONG KONG Hang Seng Bank (31/7/64)	857.25	841.45	850.12	825.75
ITALY Banca Comm Ital. (1972)	190.73	192.55	193.06	193.96
JAPAN** Nikkei-Dow (16/5/49)	9258.35	9294.71	9340.85	9373.54
Tokyo SE New (4/1/68)	684.41	687.15	687.52	688.06
NETHERLANDS ANP-CBS General (1970)	144.3	144.6	143.2	142.8
ANP-CBS Indust (1970)	114.8	113.9	113.7	112.9
NORWAY Oslo SE (4/1/83)	202.97	203.89	199.51	197.88
SINGAPORE Straits Times (1966)	945.43	946.78	945.47	942.05
SOUTH AFRICA Gold (1958)	(u)	(u)	757.8	750.3
Industrial (1958)	(u)	(u)	892.0	895.3
SPAIN Madrid SE (31/12/82)	124.78	(c)	124.73	124.57
SWEDEN Jacobson & P. (1/1/58)	1485.88	1477.87	1472.46	1486.00
SWITZERLAND SwissBankCpn. (31/12/58)	360.5	359.1	358.1	357.4
WORLD Capital Intl. (1/1/70)	—	181.2	181.4	181.0

(**) Saturday Nov 26: Japan Nikkei-Dow 9345 10. TSE 689 32.
Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 industrial. § 400 industrials plus 40 Utilities. 40 Financials and 20 Transports. c-Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Company results turn equities round to new index high

Gilts quiet—Profit-taking in Golds

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov 14	Nov 24	Nov 25	Dec 5
Nov 28	Dec 8	Dec 9	Dec 19
Dec 12	Dec 22	Dec 29	Jan 9

* "New-time" dealings may take place from 9.30 am two business days earlier.

Leading equities rallied from initial dullness to move further into unchartered territory yesterday. The Financial Times Industrial Ordinary share index was showing a loss of 3.9 at 11 am, but the measure rebounded to post a rise of 2.2 at 2 pm before closing 2.8 up for a rise of 22.3 over the last four trading sessions to an all-time high of 746.7.

Blue chip industrials had been marked o shade lower at the outset with sentiment undermined by Wall Street's overnight setback and a forecast from the Society of Business Economists reinforcing recent fears that UK economic growth is likely to slow in the second half of next year. Prices eased further on sporadic bouts of profit-taking, but flagging buying interest was revived by Allied Lyons' impressive half-year statement and an even better first-half performance from Courtaulds. This continued the recent spate of encouraging trading statements from major UK companies and quotations picked up on renewed support. Overall, index constituent price changes were no better than mixed at the close with Courtaulds, up 9 at 121p, providing the bulk of yesterday's index rise.

Elsewhere, attention was generally focused on speculative or situation stocks. Eagle Star, the recipient of the largest-ever U.K. hid of £913m from BAT Industries advanced 6 more to 676p, after 679p, following the Board's recommendation to shareholders to accept. Meanwhile, original hidders Allianz stated that a decision would be made next Monday as to whether its offer for Eagle Star would again be increased.

Government stocks were held in check by prevailing uncertainties in sterling. The volume of business in the funds was small with the market ignoring the modest decline in the latest U.S. money supply figures. Longer-dated stocks eased by around ¼, while shorter maturities ended mixed and the FT Government Securities index was virtually unchanged at 82.98.

South African gold shares met profit-taking after the previous day' strength that stemmed from the $17 an ounce jump in the gald bullion price. The FT Gold Mines index, at 545.0, gave np 12.1 of Monday's advance of 52.5.

Eagle Star up again

Interest in the Insurance sector remained firmly focused on Eagle Star which touched a peak of 679p before closing a net 6 up at 676p waiting further bid developments. Other Composites remained overshadowed and closed a few pence lower, while Life issues, good on Monday, encountered sporadic profit-taking and ended with small falls.

The major clearing banks drifted lower on lack of interest. Midland sustained an above-average fall of 9 at 425p. Merchant Banks featured Hill Samuel, which put on 13 to a 1983 peak of 305p on takeover hopes.

V.W. Thermax continued to respond to newsletter comment and put on 5 for a two-day gain of 15 to 138p, but Aspinall drifted off to close 6 cheaper at 155p.

Allied-Lyons rose to 155p before settling for o net gain of 3 at 153p following the 22.5 per cent interim profits expansion—a figure at the top end of market estimates. Other leading Breweries were marked higher on the announcement, but most reverted to the opening levels in the absence of follow-through demand, although dealers reported a firm undertone. Bass, up to 325p, closed unchanged at 320p, although Grand Metropolitan retained an earlier gain of 5 at 335p.

Leading Buildings again traded on a quiet note and, apart from Blue Circle, which managed a gain of 7 at 432p, quotations closed virtually unchanged. Interest in secondary issues also faded, but one or two bright spots emerged, notably Derek Crouch, which attracted speculative demand in a thin market and touched 68p before closing a net 4 up at 65p. Francis Parker encountered profit-taking pending news of the bid approach and shed 2 to 48p. Elsewhere, Baggeridge Brick drew fresh support ahead of next Tuesday's preliminary results and firmed 3 to a high for the year of 130p.

ICI, a shade easier at one stage on the warning about a downturn in plastics business, picked up on American buying to close without alteration at 612p. Among other Chemicals, Leigh Interests attracted support ahead of the interim results, due on December 9, and put on 6 to 91p.

Woolworth revive

Major Retailers continued to make progress although demand remained selective. Burton added 9 to attain a 1983 high of 398p, a gain of 26 since last week's announcement of impressive preliminary profits and the proposed 100 per cent scrip issue. Habitat-Mothercare, mid-term results scheduled for tomorrow, rose 4 to 288p, but Debenhams eased a couple of pence to 144p. Woolworth attracted revived support in a market short of stock and advanced 13 to 312p. Special situations dominated business among secondary issues. The better-than-expected resultse from Courtaulds prompted a sympathetic gain of 7 to 153p in Vantona-Viyella. Alfred Preedy, volatile of late, hardened 2 more at 83p in front of next Monday's half-timer, while the announcement that Keep Investment now controls 16.3 per cent of the equity lifted pawnbrokers Harvey and Thompson 3 at 68p. A. G. Stanley, which returned from a lengthy suspension of dealings on Monday following abortive merger talks with Jacoa, closed 2 better at 40p.

A moderate two-way trade left leading Electricals unchanged or slightly lower on balance. Plessey eased late to close 4 off at 210p. The sector's most interesting situation was Crystalate which began rising before yesterday's announcement of the latest Royal Worcester developments; investors were scenting Crystalate's disposal of Royal Worcester's fine bone-china division, a possibility now the former has control of 54.39 per cent of Crystalate. The latter's shares ended 18 up at 180p and Royal Worcester fallowed with a gain of 20 to 365p. Elsewhere, revived demand lifted Automated Security 11 to 173p, but sporadic profit-taking after Monday's strength on the interim results brought Ward and Goldstone back 4 to 106p. Computer issues to the fore included Atlantic, np 20 at 450p, and Memec, 13 higher at 270p.

A Press assessment that tha shares look "cheap" now that the prolonged dispute at Rolls-Royce Motors is over attracted buyers to Vickers which closed 3 better at 116p. Other Engineering majors moved higher in thin trading. Hawker gained 4 to 340p and Babcock put on 6 to 142p. Elsewhere, Westland, a dull market last week following the grounding of Lynx helicopters after a warning that part of the rotor assembly could be faulty, rallied 3 to 144p. Tace rose 3 to 136p on revived speculative buying, while Goring Kerr, floated by Tace earlier in the year, attracted good support and ended 15 higher at 252p. Country buying was behind o rise of 5 to 19, after 20p, in Hampson.

Support was again forthcoming for leading Foods, albeit on a more selective basis. Associated Dairies firmed 4 to a high for the year of 152p, while Kwik Save edged up 3 to 328p and J. Sainsbury hardened a couple of pence to 462p. Suggestions that the share price had broken through a chart range fuelled support for Ranks Hovis McDougall, which put on 5 to 76p; the preliminary results are due next Tuesday. The appearance of a few buyers in a limited market lifted Maynards 7 to 191p, while speculative interest left Tavener Rutledge 4 higher at 54p. Bassett improved a penny to 91p following the interim statement.

Boots rise late

Boots featured miscellaneous Industrials, rising 5 late to 179p, but remaining leaders tended to drift slightly easier. Bowater reacted to 233p before closing a net 4 down at 235p, while Glaxo slipped 10 to 770p. Awaiting today's mid-term results, Beecham softened 3 to 332p. Fears of fierce competition following the Government's decision to break the opticians' monopoly pulled Clement Clarke down 13 to 157p. Also sharply lower were Fobel International, which dropped from 102p to show a net fall of 12 at 88p on interim profits well short of market estimates.

Wolverhampton Steam jumped 16 to 130p on speculation of a shell situation and Diploma went to a peak for the year of 452p immediately after the 15-month figures before reacting to close a net 3 down at 440p. Gripperrods found support and rose 8 to 140p. A host of smaller-priced issues were favoured with M Y Dart, 21½p, LDH, 27½p, and CH Industrials, 30p, all recording gains of between 2 and 3 pence; the last-named is due to announce interim figures on December 15.

Thomson Holidays' latest escalation of the package holiday price-war — a brochure reprint with holidays on average 10 per cent cheaper—unsettled other travel issues, particularly Horizon, which shed 9 to 128p. Intasun ended a couple of pence off at 147p and Saga the same amount easier at 105p, after 103p. Elsewhere in the Leisure sector, Trident TV A firmed 3 to 125p following the EGM adjournment pending the outcome of discussions about the disposal of some of the company's specialised businesses. Television Services attracted revived demand and firmed 2 to 22p, but Samuelson shed 15 to 375p, the latter awaiting today's preliminary results. Associated Leisure found support and firmed 4 to 111p, but Management Agency and Music shed that much, to 107p.

Further evidence of U.S. support, as shown by Monday's announcement that American nominee holders now account for almost 20 per cent of the equity capital, lifted recently depressed Dunlop 4 to 46p; as widely predicted, chairman Sir Campbell Fraser is to retire at the end of the year, and will be replaced by Sir Maurice Hodgson, current executive chairman of British Home Stores.

A couple of firm spots emerged among Paper and advertising counters. Saatchi and Saatchi attracted support and advanced 23 to 550p; last year, the annual results were announced on December 9. Envelope manufacturers Chapman Industries, preliminary figures due December 13, rose 9 to 207p.

Properties took a breather in the absence of further institutional interest. Land Securities softened a couple of pence to 349p, but MEPC edged up a penny more to 26tp awaiting today's preliminary results. Stock Conversion, a recent takeover favourite, touched 335p before reverting to the overnight 330p. Elsewhere, Evans of Leeds hardened a penny to 65p following the increased interim profit, while Westminster and Country Properties attracted revived speculative demand on takeover hopes and put on 9 to a 1983 peak of 117p. Buyers were also around for Mountview Estates and Peel Holdings which firmed 4 apiece, to 212p and 202p respectively. Among smaller-priced issues, London and Merchant Securities firmed ½ to 15½p. Trust Securities held at 46p after Monday's volatility in the wake of an agreed underwritten offer worth 15p per share from Stockley Developments which intends to inject assets into the company and retain the share quotation.

A couple of pence cheaper at the outset on nervous offerings, Courtaulds rallied sharply after revealing first-half profits comfortably in excess of market estimates and closed a net 9 dearer at 121p. Coats Patons, a rising market recently, responded in sympathy by improving 4 more to 89p. Dawson International, interim results expected today, hardened a couple of pence to 177p, while Nottingham Manufacturing closed 4 to the good at 220p. In contrast, lack of support resulted in falls of 15 to 200p in Harold Ingram and 30 to 325p in Yorklyde.

Golds lower

Exploration issues dominated Oils and none more so than Atlantic Resources. Recovering strongly from Monday's funding news—2.5m shares are to be placed at Irish £9 per share—Atlantic closed at 675p, thus regaining all but a fraction of that day's 50p fall. Eglington rose 35 more to 240p, while Fair Resources gained 12 to 112p and Marinex 7 to 72p. Clyde Petroleum picked up 9 to 112p.

The continuing strength of the commodity price at Monday's London auction stimulated further support of Teas, although gains were less pronounced than of late. Eastern Produce rose 4 to 165p. McLeod Russel, however, fell that amount to 193p following a £1.9m exceptional loss provision against a retail shopping centre near Houston, Texas.

A downturn in the bullion price and ensuing profit-taking put paid to the five-day rally in South African Golds.

The hectic activity in golds in London on Monday was followed by equally dramatic trading in New York on Monday night when gold share prices rocketed on heavy speculative interest.

However, subsequent selling in Johannesburg prior to the opening of London markets yesterday caused a sharp downward movement and levels at the outset of business in London were well below overnight London levels and prevailing American prices.

After the early mark-down, share prices drifted in quiet trading before picking up a fraction around the opening of U.S. markets.

Bullion traded in a narrow range prior to closing a net 50 cents off at $392.625 an oz.

The Gold Mines index gave up 12.1 to 545.0, having risen almost 80 points in the previous five trading days.

London issues were highlighted by Charter Consolidated; a weak market at 223p immediately ahead of the interim results, the shares subsequently fell sharply to close 20 down at a 1983 low of 210p on acute disappointment with the announcement.

Consolidated Gold Fields were under pressure throughout the day in sympathy with Golds and closed 13 off at 507p while Rio Tinto-Zinc gave up 10 at 597p. Hampton Areas eased 4 to 212p.

Australians turned in a much quieter performance after the strong gains recorded on Monday. An uncertain showing by overnight Sydney and Melbourne markets coupled with marginally easier metal prices caused modest losses among leading issues although a number of the speculative stocks posted good gains.

In the former, falls of around 9 were common to CRA, 367p, North Broken Hill, 207p, and Western Mining, 256p.

Increased volume in Traded Options resulted in 1,984 contracts struck—1,410 calls and 574 puts. Much of the day's activity centred on Courtaulds which announced impressive first-half figures and recorded 657 calls and 125 puts; the January 96 calls attracted 277 trades and rose 8 to 25p, while the April 110 calls recorded 184 trades and advanced 6½ to 16p. Marks and Spencer positions were again in demand with 101 calls and 43 puts transacted.

FINANCIAL TIMES STOCK INDICES

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS / S.E. ACTIVITY

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low		Nov. 28	Nov. 25
Govt. Secs.	83.70 (11/11)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)	—Daily Gilt Edged Bargains	161.6	187.7
Fixed Int.	88.17 (22/11)	79.03 (1/8)	150.4 (28/11/47)	50.55 (3/1/75)	Equities Bargains	109.2	130.2
					Value	480.4	620.1
Ind. Ord.	746.7 (29/11)	598.4 (12/1)	746.7 (29/11/83)	42.4 [illegible]	5-day Avrge Gilt-Edged Bargains	165.6	162.9
Gold Mines	734.7 (16/2)	444.6 (1/11)	734.7 (16/2/83)	43.5 [illegible]	Equities Bargains	113.1	112.0
					Value	506.9	490.2

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Tues Nov 29 1983

FIXED INTEREST

AVERAGE GROSS REDEMPTION YIELDS

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Nov 21	Dec 2	Feb 23	Mar 5
Dec 5	Dec 16	Mar 8	Mar 19
Dec 19	Jan 6	Mar 22	Apr 2

For rate indications see end of Share Information Service

Stocks favoured for the call included Sun Oil Royalties, Inter-City, Barrie Investment and Finance, Butterfield-Harvey, Amalgamated Estates, W. E. Norton, Atlantic Resources, Bellair, Consolidated Gold Fields, London and Liverpool, Premier Oil, Dunlop, Chloride, Lofs, Burmah Oil and Tarmac. No puts were reported, but doubles were arranged in Emray, Inter-City, W. E. Norton and Tarmac.

RISES AND FALLS YESTERDAY

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Allied-Lyons	153	+3
Atlantic Res	675	+45
Boots	179	+5
Bowater	235	-4
Charter Cons	210	-20
Courtaulds	121	+9
Crystalate	180	+18
Eagle Star	676	+6
Eglington Oil & Gas	240	+35
Hampson Inds	19	+5
Horizon Travel	128	-9
ICI	612	—

MONDAY'S ACTIVE STOCKS

NEW HIGHS AND LOWS FOR 1983

EUROPEAN OPTIONS EXCHANGE

LONDON TRADED OPTIONS

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

LOANS—continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. & LEASING

BANKS—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
370	270	Kleinwort B. L.	340	+5	11.0	—	4.6	—
576	395	Lloyds £1	530	−3	†24.58	3.8	6.6	4.3
*38½	25½	Mason Fin. 20p	30		g1.0	1.1	4.8	(26.4)
495	234	Mercury Secs.	495	+5	9.5	—	2.7	—
443	272	Midland £1	425	−9	†25.5	5.1	8.6	4.5
£80	£67	Do. 7½% 83-93	£78¾		Q7½%	38.9	19.5	—
£99	£89½	Do. 10¼% 93-98	£96		Q10¼%	38.9	e11.1	—
118	77	Minster Assets	96		†4.7	2.1	7.0	8.9
*243	128	Nat. Com. Bk. Aus. $A1	225	−3	Q23c	ϕ	6.4	ϕ
675	446	Nat. West. £1	638	−3	†29.0	3.9	6.6	4.2
£80	£58	Ottoman Bank £20	£61½		Q45%	—		—
154	115	Royal Bk. of Scot.	149	−3	†6.7	3.6	6.4	5.4
690	465	Schroders £1	690		15.0	—	3.1	—
250	200	Seccombe M.C. £1	230		14.0	—	12.8	—
£37⅛	£22⅛	Sec. Pacific Corp.	£34¾		Q$2.40	—	3.8	—
52	32	Smith St. Aub.	37		3.5	—	13.5	—
*505	343	Stand'd Chart £1	473	+8	†27.0	2.4	8.2	5.8
$23½	$11½	Trade Dev. $1.50	£19		—	—	—	—
620	515	Union Disc £1	613		31.0	—	7.2	—
£26⅞	£16½	Wells Fargo $5	£26		Q$2.16	—	5.6	—
238	140	Westpac $A1	230	−7	Q25c	ϕ	6.8	ϕ
215	154	Wintrust 20p	202	−5	3.91	—	2.8	—

Hire Purchase, Leasing, etc.

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
267	140	♦Baltic Leasing 5p	263	+3	g2.8	5.7	1.5	12.3
55	23½	Cattle's (Hdgs) 10p	34		††1.28	2.1	5.4	10.7
£32	£19¾	Cie B'cre Fr.100	£30		Q15%	—	4.9	—
*51	30	Lnd. Scot. Fin. 10p	45		†2.5	2.8	7.9	8.1
31½	18	Moorgate Merc. 10p	28		d1.1	1.7	5.7	(12.0)
160	114	Prov. Financial	153	+1	†8.0	2.9	7.5	10.1
107	86	♦Sim. Sec. Leas. 10p	100	−4	bq1.75	5.2	2.5	(10.9)
10	4½	Sturla Hldgs. 10p	6#		—	—	—	—
202	130	Utd Leasing 20p	198	−1	1.5	4.5	1.1	23.4
56	39	Wagon Finance	49		2.31	0.4	6.7	51.5

BEERS, WINES & SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—continued

Australians

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	19	−½	—	—	—
52	32	Allstate Explo NL	40		—	—	—
40	9	♥Austrain. Mng NL	25	+1	—	—	—
25	11	Balmoral Resources	16		—	—	—
60	34	♥Black Hill Mins.	39	+2	—	—	—
87	51	♥Bond Corp	87		010c	♦	7.3
183	116	♥Bougainville 1 kina	169	−2	m03.21	1.2	1.2
174	204	♥CRA 50c	367	−7	t03c	—	0.5
145	60	♥Carr Boyd 20c	73	−1	—	—	—
44	25	♥Central Kalgoorlie	44	+2	—	—	—
43	18	♥Central Pacific	23	−1	—	—	—
9	2¾	♥Con. Gold Mng Areas	4		—	—	—
17	3	♥Coopers Res N L	8½		—	—	—
253	183	♥Crusader Oil	210		—	—	—
20	0	♥Cultus Pac N L	18½	+½	—	—	—
19	7	♥Eagle Corp 10c	13	−1	—	—	—
215	96	♥Emperor Mines	200	+12	—	—	—
14	0	♥Endeavour 20c	12½		—	—	—
58	17	♥Enterprise Gld Mnr.	28½	+2	—	—	—
810	500	♥GM Kalgoorlie 25c	590	+8	hQ10c	♦	1.0
24	6	Grt. Eastern Mines	20	+1	—	—	—
17	9	♥Great Victoria Gold	11	−½	—	—	—
32	15½	♥Haoma NW.	18½	+½	—	—	—
92	20	♥Hill Minerals N.L.	34	−1	—	—	—
41	13	♥Intel Mining	18		—	—	—
20	3	♥Ivanhoe Gld N L	10¼	+½	—	—	—
100	25	♥Jingellic Minerals	42	+2	—	—	—
42	15⅛	♥Kalbara Mia 20c	16		—	—	—
23	9	♥Keywest Inv.	23	+½	—	—	—
134	34	♥Kitchener NL 25c	76		—	—	—
180	75	♥Meekatharra 25c	76		—	—	—
58	24	♥Metals Ex 50c	44		n—	—	—
52	23	♥Metana Mns 20c	32		—	—	—
279	217	♥MIM Hldgs 50c	243	−2	Q5c	1.5	1.3
13	3	♥Mincorp 20c	11		—	—	—
8	3	♥Minefields Expl 25c	3½		—	—	—
46	23	♥Newmetal 20c	30		—	—	—
213	128	♥North B Hill 50c	207	−6	Q8c	♦	2.4
90	38	Nth Kalgurli	66	−2½	—	—	—
86	58	♥Oakbridge 50c	69	+1	Q7c	1.5	6.4
37	21	Otter Explo NL	34½	−1	—	—	—
80	46	♥Pacific Copper	80		♦—	—	—
150	64	♥Pancont'l 25c	76		—	—	—
9½	4	Pan Pacific Pets NL	0		—	—	—
74	35	Paringa Mng & Expn 5p	70		—	—	—
456	300	♥Peko-Wallsend 50c	398	−6	GQ5c	♦	0.0
14	6	♥Pelsart Res NL	13	−1	—	—	—
298	172	♥Renison 50c	236	+4	Q10c	0.1	2.3
270	135	♥Do Defd	210	+5	—	—	—
83	20	Samantha Explor NL	44	+6	n—	—	—
52	27	Samson Explor NL	32	+3	—	—	—
74	52	♥Seltrust 50c	61		—	—	—
58	24	♥Son. of Gwalia N L	41	+3½	—	—	—
27	11	♥Sthn Goldfields	15½		—	—	—
19	7	♥Southern Pacific	11		—	—	—
14	6	♥Southern Ventures 25c	8		♦—	—	—
50	17	♥Swan Res 20c	23	−1	—	—	—
110	60	♥Tuna Res N L	40		—	—	—
58	34	♥United Goldfields	36		—	—	—
24	5	♥West Coast 25c	10½		—	—	—
38	12½	♥Western Cons 50c	12½		—	—	—
275	168	Westn. Mining 50c	256	−6	Q2c	7.6	0.5
200	53	♥Whim Creek 20c	184	+6	—	—	—
30	8	♥York Resources	24½		—	—	—

Tins

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
245	175	Ayer Hitam $M1	193xd		vQ85c	♦	12.4
150	83	Geevor	122		—	—	—
18	10	Gold & Base 12½p	10		—	—	—
435	290	Gopeng Cons	375		♦20.0	1.4	7.6
600	525	Hongkong	575		21.0	♦	5.2
21	13	Jantar 12½p	16		1.5	0.2	13.4
270	100	Kamunting $M0.50	195		tvQ27½c	0.8	4.0
96	56	Malaysia Mng. 10c	64		‡vQ11c	0.9	‡
57	28	♥Pahang	43		—	—	—
500	325	Pengkalen 10p	500		1.0	—	0.3
330	225	Petaling $M1	290		tvQ70c	1.3	6.9
750	185	Sungei Besi $M1	215		‡vQ185c	1.1	‡
55	40	♥Supreme Corp M$1	50		vhQ3½c	♦	2.2
125	93	Tanjong 15p	115		g1.5	—	4.0
145	60	♥Tongkah H. 1m $M1	117		vQ5c	♦	1.2
300	190	Tronoh $M1	245		vQ90c	1.1	10.4

Miscellaneous

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
170	22	Admiral Mines	24	−4	—	—	—
90	34	♥Anglo-Dominion	75		—	—	—
93	54	♥Anglo Utd Dev.	60		—	—	—
172	60	♥Colby Res Corp.	110		—	—	—
590	315	Cons. Murch. 10c	590		‡Q60c	3.9	‡
240	170	Hampton Areas 10p	212	−4	3.75	2.1	2.4
215	103	♥Highwood Res	143	+18	—	—	—
£24½	£17½	Homestake Mining $1	£20¾	+1¼	Q20c	—	0.6
445	275	Northgate C$1	315	+10	—	—	—
672	437	R.T.Z.	597	−20	t17.0	2.9	4.1
£147½	£108	Do 9½% Cn Un Ln 95-2000	£130½	+½	Q9½%	32.5	F7.5
190	13	♥Sabina Inds C$1	67	+1	—	—	—
750	312	♥Tara Exptn $1	705	−15	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	62		Fin 13% 97-02	£96⅞	
Bdg'wtr Est 50p	305		Alliance Gas	88	
Craig & Rose £1	£10½		Arnott	208	
Finlay Pkg. 5p	42		Carroll (P.J.)	100	
Higsons Brew	87xd		Concrete Prods.	80	
Holt (Jos) 25p	410	+10	Heiton (Hldgs.)	15	
I.O.M. Stm £1	127		Irish Ropes	35	
IRISH			Jacob	70	
Exch 12% 1983	£99¾		T.M.G.	85	
Nat 4¾% 84/89	£89¾		Unidare	78	+2

OPTIONS

3-month Call Rates

Industrials		House of Fraser	20	Vickers	12
Allied Lyons	13	I.C.I.	45	Woolworth Hld.	30
BOC Grp.	28	"Imps"	11		
B.S.R.	20	I.C.L.	7	**Property**	
Babcock	15	Ladbroke	22	Brit Land	8½
Barclays Bank	45	Legal & Gen.	45	Cap. Counties	14
Beecham	32	Lex Service	32	Land Sec.	28
Blue Circle	46	Lloyds Bank	48	MEPC	20
Boots	16	"Lofs"	4	Peachey	16
Bowaters	22	London Brick	10	Samuel Props.	11
Brit. Aerospace	19	Lucas Inds.	15	Sterling Guar.	4
B.A.T.	14	"Mams"	14		
Brown (J.)	3½	Mrks. & Spncr	20	**Oils**	
Burton Ord.	35	Midland Bank	48	Brit Petroleum	38
Cadburys	11	N.E.I.	10	Burmah Oil	17
Courtaulds	18	Nat. West. Bank	55	Charterhall	9
Debenhams	14	P & O Dfd	25	KCA	6
Distillers	28	Plessey	19	Premier	6
Dunlop	6	Racal Elect.	28	Shell	55
Eagle Star	45	R.H.M.	7	Tricentrol	22
F.N.F.C.	5½	Rank Org Ord.	20	Ultramar	65
Gen. Accident	42	Reed Intnl	52		
Gen. Electric	18	Sears	8		
Glaxo	75	T.I.	13		
Grand Met.	30	Tesco	17	**Mines**	
G.U.S. 'A'	50	Thorn EMI	55	Charter Cons.	28
Guardian	45	Trusthouse	16	Cons Gold	50
G.K.N.	16	Turner & Newall	7	Lonrho	9
Hawker Sidd.	28	Unilever	70	Rio T. Zinc	62

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 27

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Authorised Units—continued

Atlanta Unit Managers Ltd
1 Founders Ct. Lothbury, EC2. 01-600 8064

Jnn Far East	47.0	51.5	+0.1	1.00

Baillie, Gifford & Co Ltd
3 Glenfinlas St. Edinburgh. 031-225 2581

JanExNov25	147.2	155.1	....	0.32
IntEx*Nv10	225.9	230.3	....	1.31
BGPPN†D15	214.2	225.5	....	1.51

†Next dealing day.
*Unauthorised.

Equity & Law Un Tst Mngrs (a) (b) (c)
Amersham Rd, High Wycombe. 0494 33377

Euro Tst Acc	62.4	67.0	+0.2	1.50

Robert Fleming & Co Ltd
8 Crosby Square, EC3A 8AN. 01-638 5858

AmExFd*	£260.88	274.67	....	0.85
JpnExFd*	£102.83	167.74	....	1.14

Next subscription day Dec 1 1983.
*Fleming American Property Unit Trust
Latest issue price (15/11) US$10.021.
Units are issued on Feb 15, May, Aug, Nov.
*Fleming Property Unit Trust.
Latest issue price (29/9) £2.070.
Units are issued on March 25, June 24, Sept 29 & Dec 25.
*Unauthorised.

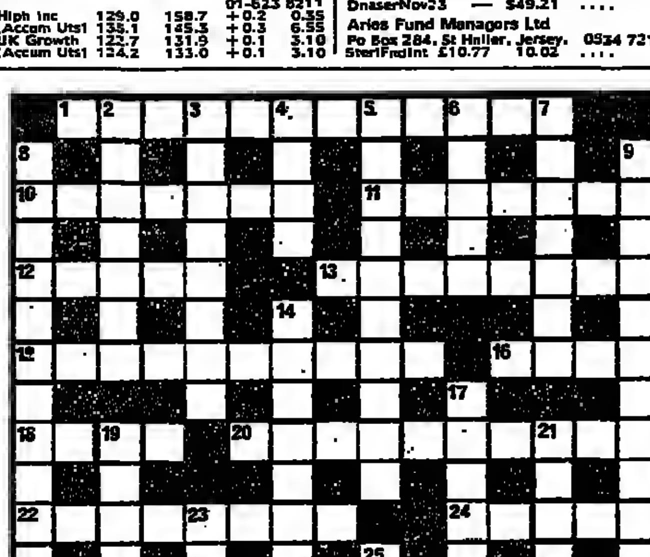
Guardian Royal Ex Unit Mngrs Ltd (a)
Royal Exchange EC3V 3LS. 01-638 2020

Gilt & Fixed	110.5	121.1	....	9.62
Growth Eq	102.7	110.5xd	+0.3	2.45
Guardhill	105.1	191.8	-0.2	3.32
Nth Amer	97.5	104.7xd	-0.2	1.70
Pacific	100.2	114.2xd	-0.2	0.37
Prop Shares	107.4	115.5	+0.0	2.01
Small Cos	112.1	120.6xd	+1.0	1.99

Offshore & Overseas—continued

Insurances—continued

F.T. CROSSWORD PUZZLE No. 5,281



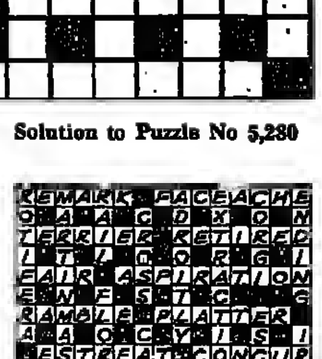
ACROSS

1 The Co-op's mail, not sorted out, is from all parts of the world (12)
10 Requiring a sound massaging (7)
11 Al Green's going all out to expand (7)
12 On taking round drink unaccompanied (5)
13 Strike over post by running errands (8)
15 Showing Sid, doing a turn on the piano (10)
16 Plant in another bed (4)
18 Every fruit a penny off (4)
20 Still he needs to be a smuggler (10)
22 Listened carelessly when enrolled (8)
24 Composition: "How the intrepid trapeze artist works" (5)
26 Even soldiers wear it (7)
27 Half the school get zero, which is unusual for music (7)
28 Great follower of Dickens (12)

DOWN

2 Ring us about a famous fiddler being oppressive (7)
3 Gentle Emily and cook (8)
4 Pageant worker leaves buttons (4)
5 Place the occupant as an officer (10)
6 Put up around '31, which is a bloomer (5)
7 Tell ran back to scold (7)
8 They take a cut in salary! (6, 7)
9 Echo: "The vicar's got a new beer allowance?" (13)
14 It gets under your skin! (10)
17 Kidnap, somewhere in China (8)
19 Colin, in going missing, lied about crash (7)
21 No pressing work to be done (3-4)
23 Spill nothing inside the vessel (5)
25 Is back in the motoring organisation, somewhere out East (4)

Solution to Puzzle No 5,280



هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
72, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.	233.17		.....	—
Managed Inv. Fd.	156.86	165.12	.....	—
Property Fd.	151.86	159.44	.....	—
Fixed Interest Fd.	146.09	153.78	.....	—
Cash Fd.	135.49	142.46	.....	—
Income Fd.	168.56	177.25	.....	—
Extra Income Fd.	160.75	169.22	.....	—
Worldwide Growth Fd.	219.35	230.90	.....	—
Balanced Fd.	167.80	176.64	.....	—
Smlr Co's & Recv. Fd	198.34	208.78	.....	—
Int. Technology Fd.	250.82	264.03	.....	—
Nth. Amer. & Gen. Fd.	157.38	165.70	.....	—
Energy Int. Fd.	100.47	105.76	.....	—
Pacific Basin Fund	135.41	142.54	.....	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	112.9	118.8	.....	—
Property	113.9	119.9	.....	—
Equity	115.7	121.8	.....	—
International	125.8	132.4	.....	—
Fixed Interest	102.9	108.3	.....	—
Deposit	99.8	105.0	.....	—
Managed Pen. Cap.	113.0	118.9	.....	—
Property Pens. Cap.	114.5	120.5	.....	—
Equity Pens. Cap.	110.2	116.0	.....	—
Intnl. Pens. Cap.	129.6	136.5	.....	—
Fixed Int. Pens. Cap.	100.5	105.7	.....	—
Deposit Pens. Cap.	97.5	102.6	.....	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Nov 30		97.1	+5.4	—
Rtmt. Fed. Nov 6		255.4	.....	—
Managed Pen Fund	184.4	194.1	.....	—
Property Pen Fund	114.5	120.5	.....	—
Index Lnkd Pen Fund	113.4	119.4	.....	—
Managed	122.6	129.1	+0.1	—
Property	104.1	109.6	.....	—
Gilt and Fixed Interest	108.3	114.0	.....	—
Index-Linked	98.0	103.2	+0.1	—
Equity	121.6	128.0	+0.3	—
Cash	104.5	110.0	.....	—
Midland Bk. Unit Tst.	119.5	125.8	+0.7	—
Midland Bank Intnl.	144.3	151.9	+3.9	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Pen Bond Fund	124.7	131.3	−0.2	—
GT Pen High Yld Fnd.	122.5	128.9	+0.8	—
GT Pen Far East Fnd	116.6	122.8	+0.1	—
GT Pen N. Am Fd.	141.2	148.7	+1.0	—
GT Pen UK&G.E. Fnd	137.9	145.2	+1.3	—
GT Pen Wrldwde Fnd.	137.5	144.8	+1.9	—
GT Pension Bnd Fnd.	134.9	142.0	−0.2	—
GT Pen High Yld Fd.	139.3	146.7	+1.9	—
GT Pen Far East Fd.	142.7	149.7	.....	—
GT Pen N. Am. Fd.	207.3	218.3	+1.8	—
GT Pen UK & G.E. Fd.	140.5	148.0	+2.0	—
GT Pen Worldwide Fd.	146.6	154.4	+2.2	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733
Intl. Managed Bond ... 166.9 175.7 ..... —

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		253.1	.....	—
Portfolio Fd. Inlt.		208.4	.....	—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	275.2	290.0	.....	—
Money Fd.	156.0	164.2	.....	—
Equity Fd.	283.5	298.4	.....	—
Fixed Int. Fd.	119.6	126.0	.....	—
Property Fd.	173.0	182.3	.....	—
Managed Pen. Fd.	256.5	270.0	+2.4	—
Equity Pension Fd.	184.2	194.1	+2.1	—
Fixed Int. Pen. Fd.	166.4	175.5	+0.1	—
High Yield Pen. Fd.	163.9	172.7	+0.1	—
Money Pension Fd.	129.0	135.8	+0.3	—
Property Pension Fd.	128.2	135.1	.....	—
American & Gen. Fd.	260.1	274.1	+0.7	—
Income Fd.	185.9	195.6	+0.5	—
Int'l. Growth Fd.	276.0	290.8	+1.2	—
Capital Fund	196.8	207.4	+0.6	—
Recovery Fund	149.5	157.5	+0.7	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EP. 01-377 1122

Flexible Finance	1,506	—	.....	—
Landbank Secs.	65.56	—	.....	—
Landbank Secs. Acc.	104.8	109.5	.....	—
G. & S. Super Fd.	£11.307	—	.....	—

OFFSHORE AND OVERSEAS

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

COMMODITIES AND AGRICULTURE

Potato report hits futures prices

BY JOHN EDWARDS, COMMODITIES EDITOR

LONDON potato futures prices fell sharply yesterday, following publication of the market situation report from the Potato Marketing Board.

The report estimates that at the end of October stocks were 3.795m tonnes. This compares with stocks of 4.66m tonnes at the same time last year and 3.934m tonnes in 1981. It is the lowest October stocks figures since 1977.

The board estimates that the average yield per hectare also fell to the lowest level since the drought-hit 1977 figure. Average yield for the maincrop planted area is put at 33.4 tonnes per hectare against 41.8 last year and 38.3 in 1981. The field area yield, for all varieties, is estimated at 29.8 tonnes compared with 36.5 tonnes last year and 32.9 tonnes in 1981.

The board still refuses to estimate the size of this year's total crop, which was 6.548m tonnes last year. Although 165,000 hectares were planted by producers registered with the board, production by unregistered growers has to be taken into account and calculation of the proportion of average yielding plantings is complicated. No attempt has been made either to assess trends in consumption, although there are rumours that demand has fallen sharply because of the recent rise in potato prices.

The board's estimates were largely in line with expectations on the London futures market. However, traders said prices had been held up recently by a reluctance to sell before the report was issued.

Selling was unleashed when it was found the report contained no surprises and the downward trend accelerated when the April futures position fell below £200 a tonne. It rose to a high of £212 in morning trading, but plummeted to a low of £194.5 before rallying slightly to close at £195.8 a tonne, £12.80 down on the previous day.

Cut in coarse grains estimate

BY RICHARD MOONEY

THE INTERNATIONAL Wheat Council has cut its estimate of this year's world coarse grains output to 685m tonnes, 4m tonnes below its October forecast. This would be the smallest crop since 1975, and 13 per cent below last year's record 785m tonnes. The council's world wheat crop estimate for this year remains at 483m tonnes, equalling last year's record.

The cut in the coarse grains estimate is mainly because of lower expectations from the U.S., where the crop is predicted at 136m tonnes, 3.5m tonnes lower than in October.

The forecast for world trade in coarse grains has been reduced by 1m tonnes to 89m, largely because of a lower estimate for Soviet imports. Soviet total grains output in 1983-84 is put at 197m tonnes, up from 180m in 1982-83. The wheat estimate is down 5m tonnes at 80m but coarse grains output is put 20m tonnes higher at 105m. Output of other grains is expected to amount to 12m tonnes, up from 10m tonnes in 1982-83.

Grain imports into the Soviet Union in 1983-84 are estimated at 28.5m tonnes (33m in 1982-83.

Sugar pact talks to start

INFORMAL consultations among leading sugar exporting countries on a new international sugar agreement will be held in London from January 16 to 27, Mr *William Miller*, International Sugar Organisation executive director, told Reuters yesterday.

The go ahead for the January meeting follows an EEC decision to negotiate a pact on the basis of a proposal by Mr Jorge Zorreguieta, chairman of the negotiating conference, under which export entitlements would be based on past performance. If sufficient progress is made in January, negotiations for a new agreement will resume in Geneva.

● **BRAZIL'S** 1983-84 soyabean crop is forecast at 15.4m to 15.9m tonnes against last season's 14.5m tonnes.

● **ORGANISATION** of European Farmers agreed to reject any sheepmeat proposals from the European Commission which "discriminate against any member state by limiting producer support to that country."

● **SPAIN'S** wheat harvest this year is likely to be slightly lower at 4.37m tonnes, according to official estimates. Its barley harvest is forecast to be 657m tonnes against 5.8m.

● **CHINA'S** late rice output is expected to be a record 46m tonnes, up by about 1.5m tonnes on last year, the agriculture ministry said.

● **HONG KONG** Commodity Exchange suspended the right of Broadview Finance to trade in cotton, gold futures, soya beans and sugar, following the company's admission of financial difficulties.

● **JAPANESE** green coffee imports rose to 2.84m 60-kilo bags between January and October this year against 2.54m in the same period last year.

● **PERU** will boost sugar output by a third next year to about 600,000 tonnes, the agriculture minister said. Last season's crop was hit by floods.

Tropical timber industry takes step forward

BY ANTHONY McDERMOTT IN GENEVA

THE successful negotiation last month of an International Tropical Timber Agreement, between leading exporting and importing countries, could prove an important step forward in improving the world's forestry policy.

Unlike most other commodity pacts, the timber agreement does not include any provisions for controlling market supplies and prices. Instead, the main objective of the agreement is to improve research and information on the current and likely future state of forests. This will provide the basis for long-term planning and conservation programmes.

Some 4m hectares of open forest disappear each year, according to the Food and Agriculture Organisation. Growing populations means that more land is required for farming and grazing, and developing countries in need of foreign exchange earnings prefer to produce cash crops. Industrial and urbanisation programmes also make inroads into forestry, and there is very little planned development of timber resources.

It is estimated that only 4 per cent of the world's tropical forests are managed properly. Since conservation and reafforestation programmes are measured over periods of 50 to 100 years, long-term planning is vital and the agreement is aimed to make this possible. The new pact will also encourage further processing of tropical timber in the producing countries and improvements in exporting and marketing.

Finance for the International Tropical Timber Agreement programe will depend on soft loans or grants from the United Nations development programme, the World Bank and the Common Fund—set up by the UN Conference on Trade and Development (Unctad), if and when it becomes operative.

The successful negotiation of the agreement of tropical timber is a sorely needed feather in the cap for Unctad, whose integrated commodities programme, including the proposed Common Fund, has run into serious trouble.

Tropical timber is an important commodity. Statistics tend to be difficult to compile and rather out of date. But the Food and Agriculture Organisation estimates that trade in tropical timber products reached a peak of more than $8bn in 1979, making it the third biggest traded commodity after oil and coffee. The value of trade is thought to have declined to $7bn in 1980 and still further since.

But the structure of imports and exports has hardly changed. For the exports in 1980, Malaysia had 39.6 per cent of the world export market. This was followed by Indonesia with 34.2 per cent, and the Ivory Coast with 6.4 per cent. China, Hong Kong and South Korea are estimated to earn between them more than $1bn in re-exporting and transit processing.

On the importing side, Japan accounted for 45.7 per cent of total purchases in 1981, followed by the European Community with 30 per cent, and the U.S. with 9.8 per cent.

The U.S. still has reservations about the agreement. It decided not to join at this stage on the grounds that its Government had had too little time to study the details. But other leading important countries are expected to join when the agreement opens for signature from January 2.

A further stumbling block is a dispute over where the headquarters of the agreement should be sited. Many countries, including Japan and the UK, offered to provide headquarters, but the negotiating conference failed to reach a decision. It is an important point, since, apart from reasons of prestige, the agreement needs a central point to store the information gathered if it is to operate effectively.

Nevertheless, *Unctad is confident* the agreement will play an important role in stimulating world forest. An Unctad official said the pact was "a step in the right direction, but no miracle cure."

Pepper set to fall short of demand

By John Edwards

WORLD exportable production of pepper next year will fall short of consumption by 36,000 tonnes, and higher prices are inevitable, according to the market report issued yesterday by Dutch traders, Man-Producten of Rotterdam.

Man-Producten, which claims to be the biggest pepper dealer in the world, estimates that available world exports of pepper will fall from 129,000 tonnes this year to 97,000 tonnes next year, while consumption will rise by 3,000 to 133,000 tonnes.

The report says the main reason for the dramatic decrease in supplies likely during 1984 was the crop shortfalls in *Brazil* and Indonesia. As a result, Brazilian exports are expected to be halved at 20,000 tonnes, while Indonesian exports are forecast to decline by 8,000 tonnes to 24,000 tonnes. India's exports are forecast to fall from 33,000 to 23,000 tonnes, and Malaysia's (*Sarawak*) from 21,000 to 18,000 tonnes.

Drought is blaimed for the big fall in Brazilian production this year, but the report notes that depressed prices in recent years have forced pepper growers to reduce inputs, and that yields have suffered as a result.

The report says world demand for pepper has risen by 90 per cent since 1970, and price fluctuations are expected to make little impact on the rising trend in consumption.

Current market prices have moved up slightly this week with white pepper quoted at $3,300 a tonne, against $1,775 in August, and black pepper at $2,300 compared with $1,350 in August. Retail prices in the UK are being increased by some 30 per cent since the raw material cost is only a proportion of the product sold in shops.

EEC farm currency plans criticised

BY RICHARD MOONEY

CHANGES IN the Common Market farm currency system proposed by the EEC Commission would worsen the competitive disadvantage already suffered by UK processed foodstuffs manufacturers, the Cocoa, Chocolate and Confectionery Alliance said yesterday.

Differences between the green currency rates—used to translate EEC farm support prices, levies and subsidies into local currency—and the actual market rate, are compensated by the payment of Monetary Compensatory Amounts (MCAs). But small variations from parity are ignored under the system.

For some producers the effect will be even greater, the alliance claims.

No MCA is applied for "non-Annex II goods" (processed food products) unless the levy would be equivalent to more than 2½ per cent of their total value.

So the widening of the franchise will result in MCA import levies disappearing altogether on some foo dproducts.

The alliance blames the MCA system for reduced exports by its members and for increased imports. Imports of sugar confectionery have risen in the last 10 years from 3.4 per cent of the UK market to 10.8 per cent, while imports of chocolate have gone up from 3.9 per cent to 10 per cent.

Exports of sugar confectionery have fallen from 79,500 tonnes in 1973 to 49,200

Import levies and export subsidies take no account of the first 1 per cent of difference between green rates and actual rates for strong currencies, and no account of the first 1½ per cent for weak currencies.

This means that the levy on products imported into the UK (which has a weak currency) *from countries with a strong* currency, can be up to 2½ per cent less than the level necessary to compensate for the advantage given by the real currency differential.

The EEC Commission is proposing to widen the ignored zone, known as the "franchise," to 2 per cent either side of parity, thus increasing the competitive disadvantage for weak currency producers from 2½ per cent to 4 per cent.

Rubber stocks may be sold at discount

KUALA LUMPUR — Rubber stockpiled by the International Natural Rubber Organisation (INRO) in the U.S. and Europe has deteriorated in quality and may have to be sold at a discount, traders said.

The rubber is believed to have been affected by a process called crystallisation, whereby it becomes hard because of cold conditions and needs to be defrosted in heaters before being used.

INRO has a stockpile of 270,000 tonnes of rubber in warehouses, mainly in Europe and the U.S., industry sources estimate.

Reuter

PRICE CHANGES

In tonnes unless stated otherwise	Nov. 29 1983	+ or —	Month ago
Metals			
Aluminium	£1050	....	£1050
Free Mkt	$1585-1615	....	$1545-575
Copper			
Cash h grade	£995.5	-1.5	£930.5
3 mths	£1018.25	-1.5	£952.75
Cash Cathode	£978	-1.5	£910.75
3 mths	£1001	-2.25	£932.5
Gold troy oz	$392.625	-0.5	$377.625
Lead Cash	£280.5	-2.25	£270.625
3 mths	£289.75	-2	£280.75
Nickel	£4646.34	...	£4646.34
Free Mkt	208-228c	...	215-275c
Palladium oz	$149.78	-0.25	$142.50
Platinum oz	£274.10	+0.90	£254.00
Quicksilver†	$305-315	..	$320-330
Silver troy oz	619.80p	+22.35	560.25p
3 mths	653.10p	+23.15	572.85p
Tin cash	£8722.5	-2.5	£6592.5
3 months	£8846	-0.5	£8661.5
Tungsten	$78.12	....	$85.79
Wolfr'm 22.04 lb	$68.72	....	$74.79
Zinc Cash	£582	-1	£571.5
3 mths	£596.15	-1	£585.5
Producers	$950	.....	$925

	Nov. 29 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$917.5y	-2.5	$885
Groundnut	‡	...	‡
Linseed Crude	‡	.....	
Palm Malayan	$680v	.....	$850
Seeds			
Copra Phill	$605x	+10	$580
Soyabean (U.S.)	$316u	.....	$327.25
Grains			
Barley Fut. Mar	£122.75	+0.25	£119.10
Maize	£146.00u	..	£146.00
Wheat Fut. Mar.	£123.35	-0.05	£123.20
No 2 Hard Wint	‡	...	‡
Other commodities			
Cocoa ship't*	£1685	...	£1493.5
Fut. March	£1638	-3.5	£1425.5
Coffee Ft. Jan.	£1913	-0.5	£1861.5
Cotton A.Index	88.95c	-0.1	88.80c
Gas Oil. Dec	$247.75	-0.25	$255.5
Rubber kilo	83p	..	78p
Sugar (Raw)	£141.50	-3.5	£155
Wool'ps 64s	405p kilo	.....	401p kilo

‡ Unquoted. u Dec. v Jan. x Dec-Jan. y Nov-Dec. † Per 76 lb flask. * Ghana cocoa. n Nominal. s Cents per pound.

LONDON OIL

Gas Oil opened about $1.00 higher and steadied further during the morning, reflecting continuing strength in physicals. Overhanging trade selling on both sides of the Atlantic put pressure on the market later in the day. *Activity was low throughout.*

Crude oil weakened during the day, reflecting New York, reports Premier Man.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	26.30-28.50	+0.08
Iranian Light	27.90-28.05	—
Arab Heavy	26.35-26.55	+0.10
North Sea (Forties)	28.75-29.10	+0.10
North Sea (Brent)	28.90-29.20	+0.10
African (Bonny Li'ht)	29.05-39.50	+0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	281-285	-0.5
Gas oil	247-257	+1.5
Heavy fuel oil	166-170	+0.5

CRUDE OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per brl		
Feb	28.76	-0.07	28.90
Mar	28.75	-0.06	28.79-28.75
Apr	28.71	-0.07	28.75-28.71
May	28.70	-0.06	28.76-28.60

Turnover: 106 (149) lots of 1,000 barrels.

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Nov	246.50	+0.50	246.50
Dec	247.75	-0.25	249.25-47.45
Jan	247.60	-0.50	248.00-47.25
Feb	245.00	-1.00	247.00-44.75
Mar	241.00	—	242.00-40.25
April	237.50	-0.50	238.50-37.50
May	235.75	-0.25	236.50-35.75
June	235.00	+1.00	—
July	234.50	-1.00	—

Turnover: 1,031 (1,568) lots of 100 tonnes.

GOLD MARKETS

Gold fell $½ to close at $392¼-393 on the London bullion market yesterday. The metal opened at $392½-393½ and was fixed at $391¼ in the morning, and $391½ in the afternoon. It touched a peak of $392½-393½, and a low of $390¾-391.

In Paris the 12½ kilo gold bar was fixed DM 34,195 per kilo ($391.04 per ounce) in the afternoon, compared with FFr 103,500 ($389.20) in the morning, and Fr 100,800 ($380.64) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 34,195 per kilo ($390.99 per ounce), against DM 33,295 ($382.50), and closed at $391½-393¾, compared with $393¾-394¾.

In Zurich gold finished at $390-393, against $394-394½.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Dec	392.20-92.4	-5.40	395.10-91.4
Feb	398.20-98.4	-5.35	399.30-97.1
April	404.50-04.7	-5.15	405.00-04.0
June	410.00-11.2	-2.95	—
Aug	417.60-17.7	-2.85	—
Oct	423.60-24.2	-2.85	—

Turnover: 631 (631) lots of 100 troy ounces.

	Nov. 29		Nov. 28	
Gold Bullion (fine ounce)				
Close	$392¼-393	(£269-269½)	$392¼-393½	(£269-269½)
Opening	$392½-393¼	(£268½-270)	$380¼-381	(£260½-261)
Morning fixing	$391.25	(£268.439)	$381.25	(£261.041)
Afternoon fixing	$391.50	(£268.758)	$384.25	(£269.026)

Gold and Platinum Coins Nov. 29					
Krugrnd	$404¼-405¼	(£277½-277¾)	King Sov	$93½-95	(£64-65)
½ Krg	$208½-208¼	(£143-143½)	Victoria Sov	$93½-95	(£64-65)
¼ Krg	$106½-107¼	(£73-73½)	French 20s	$75-76¼	(£51½-52½)
1/10 Krug	$43½-44½	(£29½-30¼)	50 pesos Mex	$474-478	(£324½-326¼)
Mapleleaf	$404½-405	(£277½-277½)	100 Cor. Aust	$380-384	(£260½-263¼)
New Sov	$92¼-92¾	(£63¼-63½)	$20 Eagles	$540-550	(£370-377)
½ New Sov	$55¼-55¾	(£37¾-38¼)	Noble (Plat)	$411¾-415¾	(£282-285)

EUROPEAN MARKETS

ROTTERDAM, November 29.

Wheat—(U.S.$ per tonne): U.S. Two Red Winter Jan 156, Feb 157.50, March 158.50, April 160. U.S. Two Northern Spring 14 per cent protein Dec 185, Jan 189.50, Feb 190, March 190.75, April/May 179. U.S. Three Amber Durum April-May 198, June 200. Canadian Western Spring Nov 15-Dec 15 211, April/May 212.

Maize—(U.S.$ per tonne): U.S. Three Yellow Spot 161, arrived Ghent 161, afloat Ghent 161.50, Nov 160.75, Dec 159.50, Jan 159.50, Feb 150, March 159, April/June 159.50 sellers. Argentine Plate afloat 176, Dec 178, April/June 165 sellers.

Soyabeans—(U.S.$ per tonne): U.S. Two Yellow gulfports Oct 310, Jan 313.10, Feb 317, March 321.40, April 324.50, May 326.70, Aug 322, Sept 303, Oct 270, Nov 270, Dec 273.75, Jan 278.25 sellers.

Soyameal—(U.S.$ per tonne): 44 per cent afloat 255, Dec 257, Jan 262, Jan/March 266, April/Sept 262, Nov/March 1984/85 232 sellers, after Jan/March 268 traded. Pellets Brazil afloat Ghent 278, Dec 261, Jan 288, Feb 292, April/Sept 267, May/Oct 264.50, Oct/Dec 249 sellers. Pellets Argentine afloat 264, mid-Nov/mid-Dec 268, Dec 267, Jan 272, Feb 281, May/Sept 262, July/Sept 257, Oct/Dec 246 sellers.

PARIS, November 29

Cocoa—(FFr per 100 kg): Dec 1979-1948, March 1987-1990, May 2000-2007, July 2005 bid, Sept 2020-2055, Dec 2040-2070, March 2075 ask.

Sugar—(FFr per tonne): March 2040-2045, May 2115-2120, Aug 2219-2220, Oct 2295-2300, Dec 2360-2375, March 2450-2470.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES were little changed on the London Metal Exchange, although prices were moving ahead in late inter-office trading. Copper lost ground in the morning, with forward metal easing from around £1,020 to £1,006 on profit-taking. However, in the afternoon the price rose sharply to close the late Kerb at £1,022 following a strong performance on Comex: in unofficial trading three months copper was changing hands around the £1,028 level. Aluminium moved erratically, prior to closing at £1,113, while Nickel was finally £3,295, Lead £289.75, Zinc £599 and Tin £8,847.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grde	£	£	£	£
Cash	989.5-90	+4.75	993-4	+1.5
3 months	1012.5-3	+5	1016-.6	+1.6
Settlem't	990	+3.5	—	......
Cathodes				
Cash	973.5-4	+4.25	977-9	+1.5
3 months	997-8	+4.75	1000-2	+2.25
Settlem't	974.5	+4.5	—	......
U.S. Prod	—	......	*66-9	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £989.50, three months £1,015, 13.50, 13. Cathodes: Cash £974, three months £997. Kerb: Higher Grade: Three months £1,010, 09, 08, 07, 06, 07, 08, 08.50, 09. Afternoon: Higher Grade: Three months £1,014, 14.50, 15, 15.50, 16, 11, 16.50, 16. Kerb: Higher Grade: Three months £1,019, 20, 22, 21, 20, 19, 18, 17.50, 20, 20.50, 21, 22, 21.50, 22, 22.50. Turnover: 45,075 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grde	£	£	£	£
Cash	8825-35	-2.5	8830-40	-2.5
3 months	8880-5	+7.5	8875-85	+7.5
Settlem't	8835	......	—	......
Standard				
Cash	8730-2	-1.5	8720-5	+3.5
3 months	8855-8	+6.5	8846-7	+.5
Settlem't	8738	-8	—	......
Straits E.	$30.16	-00.7	—	......
New York				

Tin—Morning: Standard: Cash £8,732, three months £8,855. High Grade: Cash £8,840, 25, three months £8,880. Kerb: Standard: Three months £8,855, 50. Afternoon: Standard: Three months £8,850, 45, 40, 35, 45, 46, 45. High Grade: Three months £8,880, 85, 80. Kerb: Standard: Three months £8,845. Turnover: 2,095 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	280-.1	-.125	280.1	-2.25
3 months	289.5-90	-.5	289.5-90	-2
Settlem't	281.00	......	—	......
U.S. Spot	—	......	*25.9	......

Lead—Morning: Cash £282, 81, three months £291, 92, 92.50, 92, 91, 90. Kerb: Three months £288, 89, 88.50, 90. Afternoon: Cash £280, 80.5, three months £290, 89.5, 90. Kerb: £290.5, 90. Turnover: 10,150 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	592.5-3	+1.5	581.5-2.5	-1
3 months	597.5-8	+2	596.5-7	-1
Settlem't	593	+1.5	—	......
Primw'ts	—	......	*49-.75	......

Zinc—Morning: Three months £600, 598, 97, 97.50. Kerb: Three months £597, 96. Afternoon: Three months £597, 96, 95, 95.5, 96, 96.5. Kerb: Three months £597, 96, 99. Turnover: 9,025 tonnes.

ALUMINIUM

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	1075-.6	-8	1081.5-2.5	-14
3 months	1105-.6	-7.5	1109-.5	-14.2

Aluminium—Morning: Cash £1,075, three months £1,115, 14, 12.50, 12, 11, 10.50, 09, 08, 06, 04, 05, 04, 03, 04, 03.50, 03, 02.50, 03, 03.50. Kerb: Three months £1,103, 1,100, 1,099, 97, 96, 97, 98, 98.50, 99, 1,100, 01. Afternoon: Three months £1,107, 06, 06.5, 06, 05, 05.5, 05, 04.5, 06, 05.5, 06, 07, 07.5, 08, 09, 09.5. Kerb: Three months £1,113, 13.5, 14, 13, 12, 14, 13.5, 13, 12, 11, 11.5, 12, 13, 12.5. Turnover: 52,550 tonnes.

Turnover: 52,550 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3204-8	-9	3230-40	-4.75
3 months	3284-5	-13	3310-5	-5

Nickel — Morning: Three months £3,290, 91, 90, 85, 86, 85, 82, 85. Kerb: Three months £3,284, 82. Afternoon: Three months £3,285, 90, 95, 97, 3,300, 10, 05, 08, 10. Kerb: Three months £3,300, 3,295. Turnover: 2,040 tonnes.

* Cents per pound. ‡ M$ per kilo. † On the previous unofficial close.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: *European free market*, 99.6 per cent, $ per tonne, in warehouse 2,050/2,100.

BISMUTH: European free market, min. 99.99 per cent, $ per pound, tonne lots in warehouse 1.53/1.63.

CADMIUM: *European free market*, min. 99.95 per cent, $ per pound, in warehouse, ingots 0.78/0.84, sticks 0.80/0.86.

COBALT: European free market, 99.5 per cent, $ per pound, in warehouse 5.40/5.50.

MERCURY: European free market, min. 99.99 per cent, $ per flask, in warehouse 310/318.

MOLYBDENUM: European free market, canned molybdic oxide, $ per pound Mo, in warehouse 3.75/3.85.

SELENIUM: European free market, min. 99.5 per cent, $ per pound, in warehouse 4.00/4.60.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit WO_3 cif 68/72.

VANADIUM: European free market, min. 98 per cent V_2O_5, other sources, $ per pound V_2O_5 cif 1.90/1.98.

Producer list price for selected metals as recorded in Metal Bulletin.

ALUMINIUM: World: virgin ingots Alcan, min. 99.5 per cent, $ per tonne, cif Hong Kong and Rotterdam 1,760.

BISMUTH: UK: MCP-Peko, 99.99 per cent, $ per pound, tonne lots, ex-warehouse 2.30.

COBALT: World, Zaire: Sozacom, $ per pound 12.50.

NICKEL: World, Inco, melting grade, $ per pound, cif Far East and America, delivered rest of world 3.20.

URANIUM: Nuexco exchange value, $ per pound U_3O_8 23.50.

VANADIUM: Highveld fused, min. 98 per cent V_2O_5, $ per pound V_2O_5, cif 2.30.

ZINC: GOB producer basis, $ per tonne 950.

SILVER

Silver was fixed 22.95p an ounce higher for spot delivery in the London bullion market yesterday at 612.3p. U.S. cent equivalents of the fixing levels were: spot 902c, up 31c; three-month 923.6c, up 31.4c; six-month 945.8c, up 31.6c; and 12-month 997c, up 38.4c. The metal opened at 622½-625p (906-910c) and closed at 620-622½p (904-908c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	619.30p	+22.5	626p	+9
3 months	635.10p	+25.1	638.5p	+9.5
6 months	647.05p	+25.5	—	......
12months	679.65p	+28.2	—	......

LME—Silver (2,000 oz contract)—Three months: 639p (629p). Turnover 18(21).

Turnover: 131 (120) lots of 10,000 oz. Morning: Large contract, three months 632.5, 34.0, 35.0, 35.5, 35.4. Kerb: Large three months 635.0, 34.5. Afternoon: Large three months 633.5, 33, 32.5, 38, 39; small three months 625.5, 35. Kerb: Large three months 638, 39, 38; small three months 643, 42.

COCOA

Although physicals were neglected futures were more active and after an easier opening renewed buying carried values to the highs and produced a fully steady closing call, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Dec	1632-34	+8.5	1635-60
March	1635-37	-3.5	1642-16
May	1635-36	-4.0	1640-14
July	1631-34	-6.5	1637-16
Sept	1630-31	-8.0	1640-18
Dec	1628-29	-7.0	1630-18
March	1630-32	-8.0	—

Sales: 4,219 (5,623) lots of 10 tonnes.

ICCO—Indicator prices (U.S. cents per pound). Daily price for Nov 29: 105.06 (105.45); five-day average for Nov 30: 105.06 (104.61).

COFFEE

The market traded quietly within a narrow range in light volume, reports Drexel Burnham-Lambert. Small gains were maintained but continued overhead resistance restricted the rise.

COFFEE	Yest'day's Close	+ or —	Business Done
Nov	1906-12	+2.0	1913-00
January	1812-14	-0.5	1919-12
March	1882-85	-1.0	1891-80
May	1891-23	+2.5	1826-18
July	1780-82	+2.5	1785-75
Sept	1748-56	+1.0	1756-45
Nov	1725-30	+5.0	1730-27

Sales: 1,931 (2,776) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for Nov 28: Comp daily 1979 138.58 (138.59); 15-day average 137.21 (137.00).

GRAINS

Business done—Wheat: Jan 121.00-20.40, March 123.90-3.35, May 126.90-6.35, July 129.75-9.40, Sept 113.75-3.60. Sales: 239 lots of 100 tonnes. Barley: Jan 120.00-19.80, March 122.80-2.70, May 124.75-4.70, Sept 111.15 only. Sales: 100 lots of 100 tonnes.

	WHEAT		BARLEY	
Mnth.	Yesterday's close	+ or —	Yesterday's close	+ or —
Jan	120.40	—	119.80	+0.10
Mar	125.35	-0.05	122.75	+0.25
May	126.55	—	124.15	+0.25
July	129.56	-0.05	—	—
Sept	113.76	+0.05	111.15	-0.15

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent Jan 141.25, Feb 143.00, March 143.25 trans shipment East Coast sellers. English feed fob Dec 123.00 East Coast seller, Jan/March 128.00 paid East Coast. Maize: French Dec 146.00, Jan/March 150.00 East Coast sellers. Barley: English feed fob Jan/March 125.00 East Coast seller, Dec 120.50 paid East Coast Scotland. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 116.80, S. West 118.00, W. Midlands 117.10, N. West 116.0. The UK monetary coefficient for the week beginning Monday December 5 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

POTATOES

The market was initially steady but selling pressure prior to the PMB report during the morning produced £5.00 losses by lunch. The PMB report was much as traders expected and kept the market about steady until heavy selling triggered stop-losses, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Feb	187.00	175.50	175.00-167.0
April	195.80	208.80	212.00-194.5
May	201.00	213.00	214.00-200.0
Nov	77.30	77.80	—
Feb	85.00	88.30	—

Sales: 1,291 (808) lots of 40 tonnes.

RUBBER

The London physical market opened about unchanged, attracted little interest throughout the day and closed very quiet, reported Lewis and Peat. The Kuala Lumpur December fob price for RSS No. 1 was 264.25 (266.0) cents a kg and SMR 20 223.5 (224.0).

No. 1 R.S.S.	Yesterday's close	Previous close	Business Done
	£ per tonne		
Jan	842-850	840-850	—
Feb	839-846	840-847	—
Jan-Mch	839-841	840-845	—
Apl-Jne	849-851	853-854	855-849
Jly-Sept	862-863	866-869	—
Oct-Dec	874-876	877-879	875
Jan-Mch	887-889	890-892	—
Apl-Jne	900-904	906-912	—
Jly-Sept	911-920	921-925	—

Sales: 28 (125) lots of 15 tonnes, nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 83.00p (same); Jan 83.75p (84.00p); Feb 84.25p (84.50p).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 213 tonnes. Steady buying persisted and the rates quoted encouraged customers to extend engagements. Demand was again centred on South American growths and there was support in African, Russian and Turkish qualities.

SOYABEAN MEAL

The market opened 50p easier in thin trading conditions, reports T. G. Roddis. Prices remained stable throughout the day.

	Yesterday's close	+ or —	Business Done
	£ per tonne		
Dec	177.00-82.00	+1.00	181.00
Feb	184.70-85.00	-1.35	185.00-85.00
April	188.00-88.50	-1.50	188.00-88.60
June	185.00-84.50	-1.55	—
August	185.00-84.50	-1.35	—
October	172.00-74.50	-1.25	—
Dec	181.00-84.00	-1.75	—

Sales: 58 (138) lots of 100 tonnes.

SUGAR

No. 4 Con-tract	Yesterday's close	Previous close	Business done
	£ per tonne		
Dec	148.00-50.00	151.50-54.00	153.00-45.50
Mar	183.00	168.00	168.50-61.00
May	167.85-68.00	173.50-74.75	173.50-67.00
No. 6 Contract	**$ per tonne**		
Dec	—	—	215.00
Mar	238.60-39.00	245.40-46.40	244.00-36.20
May	246.60-47.00	253.00-54.00	255.40-45.00
Aug	254.00-55.00	260.00-65.00	264.00
Oct	262.40-62.60	267.00-71.00	264.00-60.00
Dec	269.20-69.60	275.00-80.00	270.00-68.40
Mar	285.50-84.20	287.00-54.00	284.00

LONDON DAILY PRICE—Raw sugar £141.50 (145.00) a tonne for Nov-Dec-Jan shipment. White sugar £158.50 (£160.50).

The market recovered somewhat from the depressed overnight levels but all the gains were wiped out as New York turned easier. Some short-covering lifted quotations again on the close, reports C. Czarnikow.

Sales: No. 4 5,064 (2,579); No. 6 1,093 (1,393) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £249.75 (£253.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed, Caribbean ports). Prices for November 28: Daily price 8.61 (8.47); 15-day average 8.34 (same).

INDICES

FINANCIAL TIMES

Nov. 28	Nov. 25	M'th ago	Y'ar ago
288.57	288.06	285.18	252.20

(Base: July 1 1952=100)

REUTERS

Nov. 29	Nov. 28	M'th ago	Y'ar ago
1937.6	1937.8	1869.8	1574.5

(Base: September 18 1931=100)

MOODY'S

Nov. 29	Nov. 25	M'th ago	Year ago
1039.7	—	1031.4	985.6

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Nov. 28	Nov. 25	Month ago	Year ago
Spot	136.96	136.86	137.39	108.29
Fut's	144.21	146.55	144.22	136.88

(December 31 1931=100)

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec 533.2, 534.0, 536.0-533.2; March 557.0, 558.0, 558.5-558.0; May 573.0, 574.0, 574.0-573.0; July 583.0, 584.0, 584.0-583.5; Oct 579.5, 580.0, 580.0; Dec 588.0, 589.0, 589.0-588.5; March 600.0, 614.0, untraded; May 607.0, 630.0, untraded. Sales: 57.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Dec 405, 407, 405-404; Jan 403, 405, 404-403; March 411, 413, 412-411; May 418, 419, 419-418; Aug 432, 433, 433; Oct 437, 438, 438; Dec 440, 443, 440; Jan 440, 445, 441; March 447, 448, nil; May 450, 454, nil. Sales: 97.

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.15p per kg lw (+0.08). GB—Sheep 145.54p per kg est dcw (+10.39). GB—Pigs 76.67p per kg lw (−0.87).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 82.0 to 88.5; Ulster hindquarters 97.6 to 103.7, forequarters 53.7 to 58.5; Eire forequarters 53.0 to 57.0. Lamb: English small 61.5 to 65.5, medium 59.5 to 63.0, heavy 58.5 to 59.3; Imported: New Zealand PL 59.3 to 60.0, PX 56.5 to 57.3.

AMERICAN MARKETS

NEW YORK, November 29.

HEATING OIL PRICES sold off sharply on profit-taking and on a lack of follow-through on the upside; the absence of inflammatory news from the Middle East also proved to be a bearish influence. Copper prices moved sharply *higher on short-covering* and on aggressive technical buying; steady arbitrage buying against sterling provided support late in the day. Cotton prices rallied again as field reports continued to indicate that adverse weather interfered with the remaining harvest. Sugar prices advanced moderately after trending lower most of the day in line with the London markets; the stronger tone in precious metals attracted late buying followed by a late wave of arbitrage interest. Cocoa prices advanced late in the session on keen dealer buying based on repeated reports of small sizing of beans due to dry conditions in West Africa. Coffee prices were strong in the nearby months based on support related to tight spot conditions. Precious metals recovered late in the day from early losses; active commission house interest and short-covering based on strong financial instruments provided support. Soyabeans fell sharply on the close as commercial and professional buying and local short-covering carried the market to new highs. Maize was fractionally lower in anticipation of first notices of delivery on Wednesday. Wheat was marginally higher on the close in sympathy with the strength in the soyabean complex, reported Heinold Commodities Ltd.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2248	2249	2194	2216
March	2257	2263	2195	2278
May	2267	2270	2210	2233
July	2270	2275	2220	2242
Sept	2277	2279	2240	2262
Dec	2286	2280	2260	2269
March	2299	—	—	2288

COFFEE "C" 37,000 lbs., cents/lbs

	Close	High	Low	Prev
Dec	160.54	50.74	49.75	50.04
March	144.37	44.45	43.25	43.34
May	139.45	39.50	38.50	38.95
July	136.50	36.80	36.25	36.28
Sept	133.70	33.50	33.50	33.68
Dec	131.75	—	—	31.50
March	130.38	—	—	30.25

COPPER 25,000 lbs, cents/lbs

	Close	High	Low	Prev
Dec	66.50	66.55	64.76	65.15
Jan	67.20	67.00	65.45	65.85
Feb	67.90	—	—	—
March	68.55	68.60	66.90	67.20
May	69.95	70.05	68.25	68.60
July	71.30	71.40	69.60	70.00
Sept	72.65	72.50	71.10	71.35
Dec	74.70	74.60	73.05	73.45
Jan	75.40	—	—	74.15

COTTON 50,000 lbs, cents/lbs

	Close	High	Low	Prev
Dec	77.13	77.25	76.30	76.67
March	80.16	80.25	79.57	79.84
May	81.25	81.40	80.80	80.75
July	81.95	82.00	81.52	81.52
Oct	76.56	76.80	76.80	76.36
Dec	75.17	75.19	74.92	74.90
March	76.10	—	—	76.40
May	76.50	—	—	76.35

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	397.6	398.3	391.5	395.2
Feb	403.8	404.6	397.8	401.7
April	410.5	412.0	404.3	408.4
June	417.6	419.0	411.2	415.2
Aug	424.6	425.0	418.8	422.2
Oct	432.0	432.5	426.0	429.5
Dec	439.4	443.0	431.0	436.6
Feb	403.6	404.8	397.8	401.7
April	454.8	456.0	453.9	451.8
June	462.5	—	—	459.6
Aug	470.7	471.0	463.0	467.8
Oct	479.0	—	—	—
Jan	400.6	—	—	398.4

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrel

	Latest	High	Low	Prev
Jan	29.40	29.70	29.36	29.69
Feb	29.16	29.53	29.18	29.53
March	29.10	29.43	29.70	29.45
April	29.12	29.33	29.10	29.40
May	29.07	29.40	29.07	29.40
June	29.35	—	—	29.31
July	29.18	29.31	29.15	—

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
Dec	79.72	80.50	79.60	80.67
Jan	78.86	79.95	78.85	80.11
Feb	77.97	79.10	77.90	79.18
March	78.11	77.20	75.90	77.28
April	74.50	75.90	74.20	75.77
May	73.90	73.90	73.90	75.45
June	73.90	76.00	75.25	74.50
July	74.60	—	—	75.60
Aug	76.00	—	—	75.00
Sept	76.00	—	—	77.00

ORANGE JUICE 15,000 lbs. cents/lb

	Close	High	Low	Prev
Jan	124.50	25.00	24.00	24.06
March	123.05	23.25	21.90	22.05
May	122.20	22.40	21.60	21.90
July	122.00	22.00	21.50	21.50
Sept	122.00	—	—	21.30
Nov	120.70	—	—	19.70
Jan	114.90	—	—	14.90
March	114.90	—	—	14.90

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	410.0	408.0	399.0	405.8
Jan	412.0	413.0	401.5	407.8
April	418.0	419.0	408.0	413.9
July	424.0	423.3	414.0	419.9
Oct	430.5	428.8	422.0	428.4
Jan	437.5	432.0	431.7	433.4

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Dec	943.0	941.0	900.0	910.5
Jan	951.0	945.0	908.0	917.5
Feb	958.5	—	—	—
March	966.0	967.0	923.0	932.0
May	982.6	985.0	939.5	947.2
July	999.8	4.0	955.0	962.5
Sept	1016.8	11.0	974.0	977.8
Dec	1042.3	31.0	998.0	1001.5
Jan	1050.6	—	—	1009.7

SUGAR WORLD "11" 112,000 lbs, cents/lbs

	Close	High	Low	Prev
Jan	9.10	9.12	9.06	9.13
March	9.68	9.67	9.39	9.53
May	8.92	9.94	9.68	9.82
July	10.22	10.25	9.98	10.14
Sept	10.44	10.44	10.33	10.36
Oct	10.62	10.65	10.40	10.49
Jan	10.90	10.85	10.85	10.78
March	11.60	11.50	11.35	11.50

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	63.95	64.00	63.60	63.62
Feb	63.60	63.65	63.22	63.52
April	65.30	65.40	65.02	65.42
June	65.95	65.95	65.55	66.02
Aug	64.85	64.95	64.42	64.90
Oct	62.60	62.70	62.45	62.77

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Dec	42.12	42.25	41.80	42.00
Feb	47.57	47.70	47.17	47.42
April	47.82	47.90	47.30	47.47
June	52.97	53.05	52.60	52.70
July	53.75	53.80	53.42	53.55
Aug	53.35	53.50	53.07	53.20
Oct	52.30	52.60	52.00	52.20
Dec	53.45	53.45	53.25	53.50
Feb	52.75	53.10	52.75	52.75

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
Dec	341.6	343.4	341.2	343.2
March	343.8	344.6	342.2	343.6
May	344.8	345.5	343.2	345.6
July	342.2	343.4	341.0	343.0
Sept	313.0	313.0	311.0	314.0
Dec	297.4	292.4	291.0	292.2

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	61.17	61.35	60.00	60.40
March	61.70	61.85	60.40	60.70
May	63.42	63.50	62.12	62.52
July	64.20	64.40	63.17	63.35
Aug	62.95	63.15	62.10	62.05

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Jan	806.0	808.0	789.0	794.0
March	824.0	824.0	806.4	811.6
May	833.0	833.0	819.0	824.0
July	834.0	834.0	819.4	823.2
Aug	811.0	812.0	799.0	802.4
Sept	762.0	764.6	742.0	746.0
Nov	698.0	698.0	689.0	690.6
Jan	710.0	710.0	103.0	703.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	222.0	222.3	219.8	221.6
Jan	225.0	225.0	222.2	224.1
March	228.5	229.0	225.5	227.7
May	223.6	229.5	226.5	227.7
July	228.5	228.8	225.0	227.2
Aug	223.0	224.5	220.0	222.0
Sept	213.5	215.0	210.0	211.0
Oct	194.5	195.0	192.0	192.5
Dec	195.0	195.0	192.0	192.5
Jan	192.0	—	—	191.4

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Dec	27.15	27.15	26.55	26.85
Jan	27.50	27.50	26.75	27.12
March	27.90	27.90	27.25	27.58
May	28.10	28.10	27.50	27.97
July	28.10	28.10	27.40	28.08
Aug	27.70	27.70	21.20	27.70
Sept	26.30	26.30	25.80	26.30
Oct	25.50	25.90	25.00	25.40
Dec	25.20	25.20	24.70	25.20

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Dec	339.0	339.5	336.0	336.4
March	354.2	354.5	351.5	353.0
May	355.2	355.4	352.2	353.6
July	341.0	342.4	340.0	342.2
Sept	347.4	349.0	347.0	349.0
Dec	360.0	362.0	359.4	362.2

SPOT PRICES—Chicago loose lard 17.50 (17.25) cents per pound. New York tin 595.9-606.0 (598.0-601.0) cents per pound.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar at record levels

The dollar rose to record levels against several major currencies yesterday, underpinned by fears of higher U.S. interest rates and a growing technical demand ahead of the year end. It touched an all time high against the French franc and Italian lira as well as the Belgian franc and broke through the psychologically important DM 2.7150 level against the D-mark but failed to hold above DM 2.72, reflecting further intervention by the Bundesbank both at the fixing and in the open market in support of the D-mark.

The dollar failed to show any improvement against the Japanese yen with dealers detecting some central bank intervention in support of the Japanese currency.

Sterling was unchanged at 83.1 on the Bank of England's trade weighted index. It registered a small loss against a much stronger dollar, but was slightly firmer against other major currencies.

DOLLAR — Trade weighted index (Bank of England) 129.2 against 122.6 six months ago. The dollar is at record levels against some European currencies, supported by growing world tension and fears that Federal borrowing via Treasury auctions and a further rise in money supply growth will keep interest rates firm until the new year.

The dollar rose to DM 2.7175 against the D-mark up from DM 2.7115. This was its highest level since the middle of August. Against the Swiss franc it improved to SwFr 2.1820 from SwFr 2.1760 and closed at a record high of FFr 8.2625 compared with FFr 8.2425. It was also at record levels against the Italian lira and Belgian franc at L1,645 and BFr 55.12 respectively compared with L1640¼ and BFr 54.99. It slipped against the Japanese yen however to Y234.60 from Y234.80.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540, October average 1.4977. Trade weighted index 83.1 against 83.2 at noon and 83.1 in the morning and compared with 83.1 on Monday and 84.2 six months ago. The pound is near a record low against the dollar but remains quite firm elsewhere, encouraged by signs that UK interest rates will remain firm and the threat to Western oil supplies from the Middle East conflict.

Sterling touched a high of $1.46 against the dollar, having opened at $1.4565. It closed at 1.4580-1.4590, a fall of just 15 points from Monday's close in London. Against the D-mark it rose to DM 3.9650 from DM 3.96 and SwFr 3.1850 from SwFr 3.18. It was also higher against the French franc at FFr 12.0450 from FFr 12.0325 but slipped against the yen to Y342¼ from Y343.0.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. October average 2.6023. Trade-weighted index 124.7 against 128.2 six months ago. The D-mark is losing ground to the dollar once again, threatening the 10-year low touched in August. Although German interest rates are relatively firm, partly on money supply fears, the possibility of higher U.S. rates and world tension have returned the dollar to favour while political and financial worries have depressed the D-mark.

The D-mark retreated against the dollar at the Frankfurt fixing, as the German Bundesbank continued to intervene in support of its currency on the open market, and also sold $13.6m at the fixing. The dollar rose to DM 2.7205 from DM 2.7073, and the D-mark was also weak against other leading currencies including the pound, Swiss franc and Japanese yen. Sterling rose to DM 3.9650 from DM 3.9520.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.9377	+2.31	+1.68	±1.5447
Danish Krone	8.14104	8.18014	+0.48	−0.17	±1.5425
German D-Mark	2.24184	2.26363	+0.98	+0.32	±1.0842
French Franc	6.87456	6.87836	+0.06	−0.59	±1.4052
Dutch Guilder	2.52595	2.53632	+0.37	−0.28	±1.4964
Irish Punt	0.72569	0.728131	+0.34	−0.31	±1.6658
Italian Lira	1403.49	1370.36	−2.36	−2.36	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ In New York—Latest

	Nov. 29	Previous
Spot	$1.4580-4590	$1.4565-4575
1 month	0.08-0.12 dis	0.05-0.07 dis
3 months	0.22-0.26 dis	0.24-0.28 dis
12 months	0.95-1.10 dis	1.02-1.05 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

Nov 29	Day's spread	Close	One month
U.S.	1.4545-1.4600	1.4580-1.4590	0.08-0.12c dis
Canada	1.8050-1.8115	1.8085-1.8095	0.07-0.17c dis
Nethland.	4.42¼-4.45½	4.43¾-4.44¾	1⅛-1⅛c pm
Belgium	80.20-80.80	80.35-80.45	5-15c dis
Denmark	14.28½-14.38	14.30¾-14.31¾	2-3ore dis
Ireland	1.2720-1.2770	1.2745-1.2755	0.27-0.29p dis
W. Ger.	3.95-3.97½	3.96-3.97	1⅛-⅞pf dis
Portugal	188.00-189.50	188.75-189.25	125-340c dis
Spain	227.00-227.75	227.40-227.80	205-240c dis
Italy	2394-2401	2397½-2398½	14-18lire dis
[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 81.25-81.75. Six-month forward dollar 0.45-0.50c dis. 12-month 0.97-1.07c dis.

THE DOLLAR SPOT AND FORWARD

[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 55.50-55.60.

OTHER CURRENCIES

[illegible]

* Selling rates.

CURRENCY RATES

[illegible]

*CS/SDR rate for Nov 28: 1.30004.

CURRENCY MOVEMENTS

[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

EXCHANGE CROSS RATES

[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

[illegible]

Asian $ (closing rates in Singapore): Short-term 9 5/16-9 9/16 per cent; seven days 9¼-9½ per cent; one month 9½-9⅞ per cent; three months 9 11/16-9 13/16 per cent; six months 10-10⅛ per cent; one year 10 3/16-10 5/16 per cent. Long-term Eurodollar two years 11-11⅛ per cent; three years 11½-11¾ per cent; four years 11¾-12⅛ per cent; five years 12-12⅛ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London rates show little change

UK interest rates showed little overall change in London yesterday in featureles trading. Three-month interbank money was quoted at 9 5/16 per cent, compared with 9 21-64ths per cent, while three-month eligible bank bills were bid at 8⅞ per cent, against 8 15/16 per cent. Overnight interbank money opened at 9-9¼ per cent and eased initially to 8¾-9 per cent. Rates touched a low of 8½ per cent during the afternoon before coming back on late demand to 10 per cent.

The Bank of England forecast a shortage of around £200m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £95m and Exchequer transactions a further £163m. On the other hand there was a fall in the note circulation of £24m and banks brought forward balances some £25m above target. The bank gave assistance in the morning of £191m, comprising purchases of £5m of eligible bank bills in band 2 (15-33 days) at 9 per cent and £51m in band 3 (34-63 days) at 8 15/16 per cent. In band 4 (64-91 days) it bought £10m of Treasury bills and £125m of eligible bank bills all at 8⅞ per cent.

The bank gave further help in the afternoon by purchasing £2m of eligible bank bills in band 2 at 9 per cent.

In Frankfurt, the Bundesbank announced a fresh repurchase agreement, designed to add liquidity to the money market. This follows the expiry on Monday of a previous repurchase agreement which drained DM 7.5bn from the system. Dealers expressed surprise at the speed in which the authorities acted to compensate for the drain on funds and were also pleasantly surprised that the new offer, with a life of 33 days, will extend over the new-year period, allowing banks to compensate for end-of-year demands on short-term funds. Consequently demand at today's tender is expected to be more competitive than usual with a rate of up to 5.75 per cent expected in comparison with a 5.5 per cent figure for the last repurchase agreement.

In Paris call money fell to 11¼ per cent from 11½ per cent, its lowest level since March 1981. An industrial dispute was apparently obstructing the normal cheque clearing process,

UK clearing bank base lending rate 9 per cent (since October 4 and 5)

MONEY RATES

Nov. 29	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.60	11¼	1-2	5⅜-5⅝	6.09375	17⅛-17⅞	7⅛	11½-12
One month	5.75-5.90	12-12⅛	4⅛-4⅜	5¾-5⅞	6.40620	17⅝-17¾	10⅛-10⅜	12⅛-12⅜
Two months	6.30-6.45	12 1/16-12 3/16	4⅛-4¼	—	—	17⅝-18	—	10¼-12½
Three months	6.30-6.45	12 1/16-12 3/16	—	6⅛-6¼	6.34375	17¾-18	10⅜-10⅝	10¼-12½
Six months	6.30-6.45	12⅛-12⅜	—	6⅜-6⅝	—	—	10⅜-10¾	12⅜-12⅝
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	5¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

[illegible]

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. November 29) 3 months U.S. dollars

bid 9 13/16	offer 9 15/16

6 months U.S. dollars

bid [illegible]	offer 10 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period October 5 to November 1, 1983 (inclusive) 9.383 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association) 10 per cent from November 1, 1983. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 6¼ per cent. Treasury Bills: Average tender rates of discount 8.8524 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9¼ per cent; one-three months 9¼ per cent; six-12 months 10 per cent. Under £100,000 9¼ per cent from October 5. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 6 per cent.

MONEY RATES

NEW YORK (Lunchtime)

[illegible]

FINANCIAL FUTURES

Gilts firm

Gilts were very firm on the London International Financial Futures Exchange yesterday, encouraged by the steady tone in cash trading despite the early fall of sterling on the foreign exchanges. Traders also reported a general shortage of stock in the market, which helped to underpin the futures contracts. Volume was thin however, and mostly concentrated on December delivery. This opened at 108-31, near the day's low of 108-28, and rose to a peak of 109-20, before closing at 109-13, compared with 109-04 on Monday.

Short-sterling closed unchanged at 90.86 for December delivery and 90.48 for March. Most activity was attracted by the latter month, but trading was generally very quiet.

Eurodollars opened weak at 90.24 for December delivery, and 89.79 for the March contract, compared with previous figures of 90.26 and 89.84 respectively. This reflected disappointment at the $300m fall in U.S. M1 money supply announced Monday. The figure was within market expectations, but not as good as some forecasts. Federal funds remained around 9 7/16 per cent despite a Federal Reserve move to inject $2.5bn into the New York banking system through customer repurchase agreements. This left the market somewhat apathetic, particularly after the recent rise in U.S. banks net borrowed reserves which some dealers felt pointed to a slight tightening of official monetary policy. December closed unchanged at 90.26, while March fell 2 basis points to 89.82, continuing to illustrate a slight widening of the spread between these months.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.26	90.26	90.21	90.26
March	89.82	89.82	89.78	89.84
June	89.49	89.49	89.47	89.51
Sept	89.23	89.23	89.22	89.21
Dec	88.95	88.99	88.95	88.98

Volume 2,081 (2,165).
Previous day's open int. 8,726 (8,540).

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

[illegible]

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

[illegible]

STERLING £25,000 $ per £

[illegible]

DEUTSCHE MARKS DM 125,000 $ per DM

[illegible]

SWISS FRANCS SwFr 125,000 $ per SwFr

[illegible]

JAPANESE YEN Y12.5m $ per Y100

[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	71-22	71-22	71-08	71-14
March	71-03	71-04	70-21	70-27
June	70-17	70-18	70-04	70-10
Sept	70-02	70-02	69-22	69-27
Dec	69-21	69-21	69-09	69-13
March	69-08	69-08	68-30	69-01
June	68-30	68-30	68-20	68-23
Sept	68-20	68-20	68-12	68-14

U.S. TREASURY BILLS (IMM) $1m points of 100%

[illegible]

CERT. DEPOSIT (IMM) $1m points of 100%

[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

STERLING (IMM) $e per £

[illegible]

GNMA (CBT) 8% $100,000 32nds of 100%

[illegible]

INTERNATIONAL CAPITAL MARKETS

Floating rate notes knocked down on Eurobond market

BY MARY ANN SIEGHART IN LONDON

FLOATING-RATE notes took a knock in the Eurobond market yesterday. Prices fell by 15-20 cents across the board after two months of sustained strength.

New issue volume in the dollar FRN sector has totalled $3.25bn in the past five weeks alone, and the strain is beginning to show. Belgium's $400m deal, for instance, fell from a price of 99.15 to 98.80 on the day.

Nevertheless, one new floater was launched and another is pending. Scandinavian Bank is raising $70m through a 10-year note paying ⅛ point over the six-month London interbank offered rate at par.

Morgan Grenfell is leading the deal, which carries total fees of 1¼ per cent. It traded at a discount of about 1¼ per cent.

National Bank of Canada will launch a $50m bond later this week or at the beginning of next week. It will pay ¼ point over the mean of the six-month London interbank bid and offer rates at par and will have a seven-year life with optional redemption for investors after five years. First Chicago will lead the deal with Merrill Lynch and Société Générale.

Some new issue managers were doubtful about the quality of the name and its recent poor profits performance. The bond issue, however, is set to coincide with the bank's results, which are expected to show an improvement.

Fixed-rate bonds, too, saw price falls yesterday. WestLB's $100m, 11⅛ per cent recent issue closed at a hefty four-point discount to yield 12.77 per cent. In the secondary market, prices fell by about ¼ point.

In Switzerland, Farm Credit Corporation of Canada is raising SwFr 100m through a 10-year public issue with a fixed coupon of 5⅞ per cent at par. The issue is led by Swiss Bank Corporation.

The City of Montreal is raising a SwFr 100m in a 10-year public bond issue with an indicated yield of 5⅝-5¾ per cent. It will be priced tomorrow by Citicorp Bank (Switzerland), which is making its debut as a lead manager in the public market.

Continental secondary markets were hit by the strength of U.S. dollar yesterday and trading was thin. Prices closed little changed in Switzerland and fell by ⅞ point in Germany.

BHF Bank bond average		
Nov 29		Previous
98.372		98.500
High	1983	Low
102.017		97.899

Portugal poised for start of bond system

BY DIANA SMITH IN LISBON

THE PORTUGUESE Government is introducing a new bond system this week to which financial institutions can resort for investment funds.

On December 2 the Banco de Fomento Nacional (BFN), Portugal's development bank, will become the first institution to use cash bonds, with an initial issue of Esc 5bn ($38m). Other institutions are expected to follow early in 1984.

The new system is modelled on France's "bons de caisse", cashable after one year, although bearers may hold them for longer. They are exempt from income tax and capital transfer tax, and will yield about 27 per cent a year compared with about 22 per cent after tax for deposit accounts. Institutions may raise the equivalent of their capital in cash bonds, and up to four times their capital in medium-term bonds.

For the moment banks will be sole traders of negotiable cash bonds. Portugal's markets are rudimentary, and indeed the foreign banks which expect to set up full branches once legislation alters in the new year, hope to help diversify and strengthen money, currency, and equities markets.

The banks have been taking hefty commissions on recent phenomenally successful medium-term bond issues from public sector companies. It is understood that these commissions range from 2 to 10 per cent on a seven year bond. When banking laws change to allow non-nationalised capital back into the financial system after eight years of public sector monopoly, it is expected that a new enterprise waiting in the wings, in which Lloyds Bank International has share, would become a major dealer in bonds.

Kuwait's market reopens

BY OUR EUROMARKETS STAFF

THE KUWAITI dinar (KD) primary bond market reopened yesterday with the first day of trading of a two-tranche bond from the Kuwait Foreign Trading Contracting and Investment Company (KFTCIC). This is only the second KD public issue this year.

KFTCIC is offering KD7m of fixed-rate bonds and the same amount of floating rate notes. The fixed-rate bonds carry a 10 per cent coupon at par and have a seven-year life.

The floating rate notes will pay ¼ per cent over the mean of the bid and offer rates for six month KD deposits in the interbank market. They mature in 1988 and are priced at par. The issue is led by KFTCIC with Kuwait Investment Company and the National Bank of Kuwait.

Both bonds were very well received yesterday.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for November 29.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10¾ 90	100	93⅝	94¼	−0¼	+0⅛	11.81
Australia Comm 11¼ 88	100	101	101½	−0¼	+0⅛	10.87
Australia Comm 11½ 95	300	96¼	96⅝	−0¼	−0⅛	12.06
Australia Comm 11⅝ 98	100	97½	97⅞	−0⅜	−0⅛	12.08
Bank of Tokyo 11 90	100	94½	95	−0¼	−0⅜	12.20
British Col Hyd 10¼ 88	200	96½	97	−0⅛	−0⅛	11.21
Britoil Fin 11⅞ 90	125	99⅝	100⅛	−0⅛	−0¼	11.89
Canada 10⅞ 88	500	98⅜	98⅞	−0⅛	0	11.24
C.C.C.E. 11¾ 97	100	92¾	93¼	−0¼	−0½	12.84
C.C.C.E. 12⅝ 95	75	99¼	99¾	−0⅛	0	12.79
Can Imp Bk Com 11 90	75	92¾	93⅛	−0⅛	0	12.62
Citicorp O/S 10⅝ 90	100	91⅝	92⅛	−0½	−0¼	12.23
Citicorp O/S 11¾ 90	100	96¾	97¼	−0¼	−0⅜	12.41
Cred Suisse BAH 10½ 90	150	98½	99	−0⅛	−0¼	10.76
Den Norsk Cred 11¼ 93	50	93⅛	93⅝	0	0	12.45
E.C.S.C. 11⅞ 90	75	99½	100	−0¼	−0⅛	11.90
E.D.F. 11½ 93	100	92	92½	−0½	−0½	12.54
E.E.C. 11 87	350	98½	99	−0⅜	−0⅛	11.39
E.I.B. 10¾ 93	200	91⅝	92⅛	−0¼	−0⅛	12.22
E.I.B. 11 91	125	95	95½	0	−0⅛	11.99
Exportfinans 11½ 90	100	95⅝	96⅛	−0¼	−0⅛	12.27
Electrolux 10½ 90	50	92⅜	92⅞	0	+0⅛	12.17
Essarth Fin 11⅝ 93	100	95¾	96¼	0	−0⅛	12.36
Fuji Int Fin 10⅞ 90	100	92¾	93¼	−0¼	−0¼	12.48
GMAC O/S Fin 11⅛ 88	100	98⅞	99⅜	−0½	+0⅛	11.55
Honeywell Int 10¾ 90	100	95	95½	−0⅜	−0⅜	11.59
Indust Bk Japan 10⅞ 88	100	97	97½	0	−0⅛	11.66
Indust Bk Japan 11⅞ 91	100	93	93½	−0⅛	−0⅜	12.22
Japan Air Lines 10⅞ 88	42	91⅝	92⅛	−0¼	−0⅛	12.87
Japan Air Lines 11 93	75	94¾	95¼	−0⅛	−0¼	11.90
J.C. Penney 11⅞ 90	100	99¾	100¼	−0⅛	−0⅜	11.86
J. P. Morgan 11⅞ 90 WW	150	96⅞	97⅜	−0⅛	−0⅛	11.99
Levi Strauss Int 11 88	75	98¼	98¾	−0¼	−0¼	11.76
L.T.C.B. 10¾ 90	100	92¾	93¼	−0¼	−0⅛	12.34
L.T.C.B. 12½ 90	85	100¾	101¼	−0⅛	−0½	12.25
Merrill Lynch 10⅝ 90	200	93¾	94¼	−0¼	−0¼	11.98
Mitsubishi Corp 10½ 90	100	93½	94	−0⅛	−0⅛	11.91
Mitsubishi Fin 11⅞ 90	100	95⅜	95⅞	−0⅜	−0¼	12.35
Nippon Credit 11 90	100	93⅜	93⅞	−0¼	−0¼	12.48
Nippon Credit 11⅞ 90	100	96⅞	97⅜	−0¾	−0½	12.51
Ontario Hydro 10¼ 98	250	83⅛	83⅝	−0⅛	−0⅛	11.73
Ontario Hydro 11¾ 90	200	100	100½	−0¼	0	11.68
Pacific Gas & Elec 12 91	75	102½	102⅝	−0⅛	−0⅛	11.51
P.K. Banken 12 90 WW	75	96½	97	−0¼	−0⅜	12.73
Prudential O/S 10⅞ 93	100	94	94½	−0⅛	−0⅜	11.84
Quebec Hydro 11½ 92	100†	97	97½	0	−0¼	12.02
Saskatchewan Pr 10¾ 90	125	95¾	96¼	0	+0⅛	11.65
Sears O/S Fin 11½ 88	125	100½	101	−0¼	−0⅛	11.30
Sears O/S Fin 11⅞ 93	150	98	98½	0	0	11.92
Sth Cal Edison 10½ 90	75	96½	99	−0⅛	−0⅜	11.44
Sumitomo Fin 10⅞ 90	100	93	93½	−0¼	−0⅜	12.41
Texaco Capital 9¾ 90	150	91¾	92¼	−0¼	−0½	11.58
Texaco Capital 10½ 93	200	94½	95	0	−0¼	11.41
U.S.S. 10 88	100	97⅞	98⅜	−0¼	−0¼	10.59
World Bank 11¼ 88	100	98⅞	99⅜	−0½	−0¼	11.46
World Bank 11⅛ 90	200	96⅜	96⅞	−0½	−0⅜	11.88
World Bank 11½ 90	150	98¼	98¾	−0¼	−0⅜	11.83
World Bank 12 93	200	99⅞	100⅜	−0⅛	−0¼	11.98

Av. price changes: on day −⅛, on week −¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅝ 93	100	100¼	100⅞	0	0	7.29
Arab Banking Corp 8 88	100	96½	97	0	−0⅜	8.85
Asian Dev Bk 8½ 93	200	99⅝	100⅛	−0½	−0⅛	8.52
Austria, Rep 7⅝ 89	100	99½	100	−0¾	−0¾	7.67
Austria, Rep 8 93	100	100½	101	+0½	−0⅜	7.96
Avon Int Fin 7½ 93	100	101¼	101¾	0	−0½	7.28
Barclays O/S 8¼ 98	250	97¾	98¼	−0¼	−0¼	8.36
Beatrice Foods 7¾ 93	130	103¾	104¼	+0⅛	0	7.18
B.F.C.E. 8¼ 90	150	100¾	101	−0⅛	+0⅜	8.11
Dresdner Finance 4 90 WW	250	107⅞	108⅛	−0¼	+0⅜	2.58
Dresdner Finance 4 90 XW	250	82⅞	83⅜	−0¼	−0⅜	7.37
E.C.S.C. 8 90	100	100⅛	100⅝	−0⅛	−0¼	7.89
E.E.C. 8¼ 93	250	100⅛	100⅝	−0¼	−0⅛	8.10
E.I.B. 8 93	200	98¾	99⅜	−0½	−0¾	8.20
Eurofima 7½ 90	100	100⅞	101⅜	0	−0½	7.29
Europarat 8¼ 93	150	99⅝	100⅛	−0¼	−0⅛	8.28
Finland Rep 8 90	150	98⅞	99⅜	−0¼	−0½	8.26
Int Standard Ele 7¾ 93	100	102⅝	103⅛	+0⅛	−0⅜	7.32
Ireland 8⅝ 91	150	100½	101	0	0	8.48
Japan Dev Bank 7½ 90	100	100⅝	101⅛	+0⅛	0	7.27
L.T.C.B. 8 90	100	101¼	101¾	−0⅜	−0⅜	7.72
Renault Acceptance 8 90	150	99	99½	0	0	8.24
S.D.R. France 7⅞ 93	100	97⅛	97⅝	−0⅛	−0⅛	8.27
Sth African Tran 8½ 90	100	99	99½	0	0	8.39
World Bank 7½ 90	250	97⅞	98⅜	0	+0⅛	7.86
World Bank 7⅞ 89	300	99⅞	100⅜	+0⅛	+0⅛	7.81

Av. price changes: on day −⅛, on week −⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bank of Tokyo 8 91	100	102	102¼	−0⅛	−0½	5.86
Bergen, City of 5¾ 95	40	99	99½	−1	−0¾	5.84
Denmark 6½ 91	100	101½	101¾	−1⅛	+0⅜	6.08
E.D.F. 5⅜ 91	100	100	100¼	0	0	5.36
E.E.C. 6 93	100	101⅜	101⅞	+0⅛	+1⅛	5.76
Europarat 6⅛ 93	100	99	99½	0	0	6.24
Ind Fund Finland 6¼ 91	40†	101½	102	0	+0⅜	5.95
Int-Am Dev Bk 6 93	100	98¾	99¼	−0⅜	+0¼	6.22
Ireland 6½ 93	80	98¾	99½	−0¼	−0⅛	6.64
Japan Dev Bank 5⅞ 93	100	101¾	102	−0⅜	−0⅛	5.62
Jap Highway Pub 5⅝ 91	100	99⅝	99⅞	−0¼	−0¼	5.88
Kansai Ele Power 6 91	100	102¼	102½	+0⅛	+0¼	5.60
Kawasaki Steel 6⅛ 91	100	101	101¼	0	0	5.93
Manitoba Prov 5½ 93	100	101¼	101¾	0	+0⅜	5.33
Mont Blanc Tunl 6½ 93	35	102½	102¾	0	+0¼	6.01
Mount Isa Finance 6 93	100	102⅛	102⅜	+0¼	−0¼	5.68
MTG Bk Denmark 6¼ 91	80	99	99¼	0	+0½	6.39
New Brunswick 5¾ 93	100	101⅞	102⅛	−0⅛	+0⅛	5.48
Nisshin Steel 6¼ 91	100	100	100¼	0	0	6.22
Osterr Draukraft 6 93	100	103	103¼	+0¼	+0¼	5.56
Osterr Post 6⅛ 91	100	101⅞	102½	−0⅜	−0¼	5.78
Quebec Province 5⅞ 93	100	98¼	99½	−0⅛	−0¼	5.71
Sumitomo Heavy Ind 6 91	100	100½	100¾	+0⅛	+0¼	5.89
Tokyo Elec Power 5⅞ 91	100	101¾	102	−0⅜	−0⅜	5.57
Trizec Corp 6⅛ 93	100	99¾	100	+0¼	+0¼	6.14
World Bank 6 95	100†	98⅞	99	+0⅜	+0⅜	6.13

Av. price changes: on day −⅛, on week +⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	100	100⅜	−0⅛	0	7.61
E.I.B. 8¼ 92	15	103	103⅜	0	+0⅛	[illegible]
Int-Am Dev Bk 7⅞ 93	15	100	100⅜	0	+0¼	[illegible]
New Zealand 7⅝ 88	15	102⅛	102⅜	−0⅛	−0⅛	[illegible]
World Bank 7⅞ 93	20	99⅞	100⅛	0	0	[illegible]

Av. price changes: on day 0, on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week
Farm Credit 12⅝ 90 CS	75†	101	101½	−0¼	−0¼
Norcen 12⅞ 93 CS	60†	96⅞	97⅜	−0¼	−0¼
TD MTG Corp 12½ 88 CS	40†	101¼	101¾	0	+0⅛
Quebec Hydro 12¾ 93 CS	50†	102⅞	103⅜	−0⅜	−0⅜
Royal Trstco 12¾ 88 CS	50†	101½	102	−0¼	−0⅜
World Bank 12¼ 90 CS	75†	101⅜	102⅛	−0⅛	−0¼
Xerox Canada 12 88 CS	40†	102½	103	−0⅜	−0⅜
E.I.B. 11¼ 93 ECU	50	99⅞	100⅜	0	−0⅛
Genfinance 11 90 ECU	60	97⅝	98⅛	+0¼	−0⅛
Algemene Bank 8⅜ 88 Fl	150	101¼	102¼	0	+0⅜
Bank Mees & Hope 9 88 Fl	75	102¾	103¼	−0⅛	+0⅜
Elect Sup Brd 8⅝ 88 Fl	75	97¼	97¾	0	−0½
P.H.P. 8¾ 88 Fl	50	101¾	102¼	0	+0⅛
Swed Exp Cred 7¾ 88 Fl	100	95⅞	96⅜	−0¼	0
World Bank 8 88 Fl	100	103⅛	103⅝	+0⅛	+0⅛
O.K.B. 14 86 FF	400	100⅞	101⅞	+0¼	+0⅜
Solvay & Cie 14¾ 88 FF	200	102	103	+0⅛	+0½
B.F.C.E. 11½ 88 £	50	99¼	99¾	0	−0⅛
British Oxyg 11⅞ 91 £	50	99¾	100½	−0⅛	−0¼
CEPME 11⅝ 95 £	35†	100¾	101¾	+0⅛	+0⅛
CIBA-Geigy Int 8⅝ 93 £	25	97¼	98½	0	0
E.E.C. 11⅞ 91 £	50	101⅛	101⅝	−0¼	−0¼
E.E.C. 11⅞ 93 £	50	101¼	101¾	0	−0⅛
Fin For Ind 10½ 90 £	20	95⅞	96⅛	+0¼	+0⅛
Finland Rep 11⅞ 88 £	50	100¾	101¼	−0⅛	0
Gen Elec Co 12½ 89 £	50	103⅞	104⅜	0	0
I.C.I. 10⅞ 93 £	25	95⅜	95⅞	0	−0¼
I.C.I. 11½ 91 WW £	50	98⅞	100⅜	0	0
Mort Bk Fin 11¾ 89 £	15	98¾	99¼	−0⅛	−0½
Norsk Hydro 12 90 £	30	102½	102⅞	−0⅛	−0⅛
Sweden 11½ 93 £	50	98¼	98¾	−0⅛	−0⅛
Swed Exp Cred 11⅝ 88 £	30	98¾	99½	0	−0⅛
World Bank 11⅝ 88 £	100	98⅞	99⅜	−0⅛	−0⅛
Eurofima 10 91 LuxFr	600	99¾	100¼	−0⅛	−0⅛
Europarat 10⅜ 93 LuxFr	600	100⅞	101⅞	0	−1⅛

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn
B.F.C.E. 5¼ 88	0¼	99⅝	99⅞	20/1	10.10
Caisse Nat Tele 5¼ 00	0¼	99⅜	99⅝	21/4	10
C.C.F. 5¼ 95	0¼	99⅝	99⅞	7/4	9.94
C.C.F. 5¼ 88	0¼	99¾	100	24/3	10.19
Cepme 5¼ 88 WW †	0¼	99⅝	99⅞	3/12	10.56
Cepme 5¼ 92	0¼	99¾	100	10/12	10½
Chemical NY 5¼ 94 ††	0¼	100¼	100½	23/12	10
C.N.C.A. 5¼ 95 XW	0¼	98⅞	99⅛	7/12	10
C.N.C.A. 5¼ 97	0¼	99½	99¾	24/3	[illegible]
C.N.T. 5¼ 91	0⅛	99⅜	99⅝	8/5	[illegible]
Credit Foncier 5¼ 93	0¼	99½	99¾	8/4	10
Credit Lyonnais 5¼ 94	0¼	99½	99¾	5/1	10.31
Credit Lyonnais 5¼ 97	0¼	99½	99¾	1/4	10
Denmark 5¼ 90	0⅛	99¼	99½	13/4	10
Dresdner Fin 5¼ 93 XW	0⅛	99⅞	100⅛	18/4	9.94
E.D.F. 5¼ 95 XW	0⅛	99⅝	99⅞	10/2	11¾
E.E.C. 5 90	0⅛	99⅞	100⅛	8/1	10.19
First Interstate 5¼ 95	0¼	99¼	99½	8/3	9¾
Hispano 5¼ 95	0¼	98¼	98¾	20/4	10
SZ Staal Bev 5¼ 92	0¼	99⅞	100⅛	22/12	10¼
Soc Generale 5¼ 90 XW	0¼	99⅝	99⅞	8/5	10.31
Société Générale 5¼ 95	0¼	99⅝	99⅞	1/3	10.94
Sweden 5¼ 89	0¼	100	100¼	25/2	10.10
Sweden 5¼ 93	0⅛	100⅛	100⅜	3/2	11.10
Sweden 5¼ 2003	0⅛	99½	99¾	17/5	9¾

Av. price changes: on day −⅛, on week −⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day
Bridgestone Tire 5½ 98	3/82	470	122¾	123⅞	−0⅛
Canon 7 97	7/82	748.2	224	226	+0⅛
Daiwa Sec Co 5½ 98	10/83	508	96¾	98¼	[illegible]
Hitachi Cable 5½ 98	2/82	515	185⅞	187⅞	[illegible]
Honda Motor 5⅛ 88	6/83	804	120	121	[illegible]
Honda Motor 5½ 97	3/83	759.9	138¼	139⅞	+1
Konishiroku Photo 4 98	10/83	673	96¾	97½	[illegible]
Kyowa Hakko 6⅛ 97	2/83	782	113½	115	[illegible]
Minebea Co Ltd. 5½ 98	5/83	867	107	108	[illegible]
Mitsubishi Electric 5⅝ 98	6/83	398	107¼	108½	0
Nippon Electric 5¼ 97	2/82	785.9	169½	171½	−1
Nippon Oil Co 5½ 98	4/83	964	114¾	115½	+1
Nissan Motor 5¾ 98	4/83	770	101⅜	102⅝	−0⅜
Olympus Optical 6⅞ 97	12/82	1331	106½	107¾	+0⅛
Orient Finance 5¼ 97	3/82	927.2	94¾	96½	+1½
Orient Leasing 5¼ 98	6/83	2600	87⅛	88⅛	−0⅛
Secom 5 98	11/83	2828	127¼	128¾	+0⅛
Sumitomo Electric 5½ 97	3/82	677.3	122½	124	−1
Yamaichi Sec Co 5 98	8/83	472	94½	96½	+0⅛
Yamanouchi Pharma'cal 4 98	10/83	1800	95⅞	97⅞	−0⅛
NEC Corp 3½ 93 SF	8/83	978	143½	145½	0
Settsu Paper 3⅝ 93 SF	8/83	718	101¾	103¼	+0⅛
Aiwa 5 92 DM	12/83	520	107⅛	108⅛	−0⅛
Konishiroku 6⅜ 88 DM	6/82	515	118	120	−0⅛
Sun Realty 6¼ 92 DM	2/83	366	127⅞	128⅞	+0⅛

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

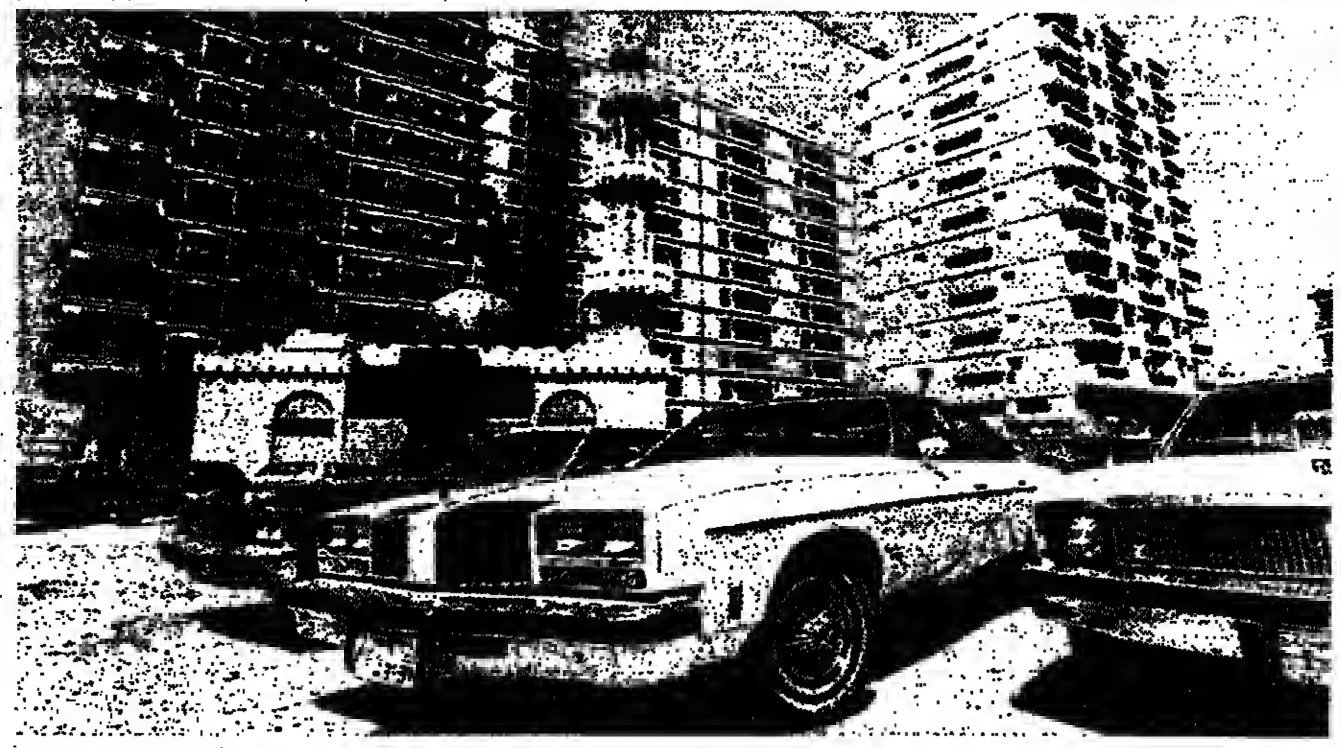
Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

SECTION IV

FINANCIAL TIMES SURVEY

United Arab Emirates

The UAE has had a bad year economically, but it remains politically stable. The looseness of its federal structure and the lack of a powerful central authority are considerable strengths



OFFICE BUILDINGS AND A NEW MOSQUE IN DUBAI

Terry Kirk

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A squeeze on funds

By MICHAEL FIELD

THE PAST 12 months have seen the grimmest, in an economic sense, that the UAE has known since independence in 1971.

Oil revenues have fallen and government spending has been cut — for different reasons — in Abu Dhabi and Dubai. Subsidies have been reduced. Foreigners are having to pay for some of their welfare benefits —and the state is making some efforts to encourage as many as possible of its immigrant Asians (and Westerners) to leave.

Many local contractors, who have suffered long payment delays, face bankruptcy. The banks, which have lent generously to tide them over a difficult period, now worry about getting their money back. They are also being squeezed by the fairly rigorous application of new Central Bank regulations on the numbers of the foreign banks' branches and the reduction of the local banks' lending to their directors.

At least one local bank, the Union Bank of the Middle East, in Dubai, has been seriously embarrassed by the inability of its owner to reduce his borrowings. The owner himself, Abdul-Wahab Galadari, who comes from one of the three or four biggest merchant families in the state, seems likely to have to liquidate his business to repay the debt.

Interestingly, the economic problems have caused scarcely a political ripple. A big increase in petrol prices throughout the union led to none of the protests that followed a similar increase in the north a few years ago. So far 1983 has been as quiet a year as any the UAE has known.

The Emirates remain remarkably unaffected by the revolution in Iran and the Iran-Iraq war, though recently the prospect of Iraq attacking the Iranian loading terminal at Kharg Island and Iran retaliating by sinking Arab tankers in the Gulf has renewed fears that the war might spread.

The rulers of the seven emirates are still very wary of Iran—though not wary enough to prevent most, or all, of them going abroad at the same time in the summer. They feel now that the bloodshed and chaos within Iran has caused the revolution to lose much of the allure it had originally for young radical and religious elements in their states.

In Dubai there are no longer shouts of the name of Ayatollah Khomeini as Shias, members of the unorthodox and mystical branch of Islam espoused in Iran, come out of the mosques at midday on Friday.

In the past the UAE's tranquillity was occasionally disturbed by inter-Arab conflicts. In the late 1970s and early 1980s there were several shootings and bombings in the state, all of them directed by other Arabs, notably Syrians and Iraqis, at other Arabs. In 1983 there have been no such incidents.

Mild concern

Instead there has been some mild concern about the activities of Syrian and Egyptian Muslim Brethren (*Ikhwan*), who have been the cause of much of the violence in their own countries in recent years.

The Brethren have heavily infiltrated the Universtiy of the UAE at Al Ain—in fact infiltrate is hardly the word because until this year the door has been open for them. The University has been very much staffed by Egyptians, a good number of whom have fundamentalist views, and, as always happens in the Arab world, the existing staff have brought in men of the same nationality and like politics.

It is thought that Shaikh Nahayyan bin Mubarak, an Oxford graduate and a son of the invalid Interior Minister, was given a brief to root out Ikhwan activity when he was appointed Chancellor of the University in July this year.

In the Ministry of Education, which was also an Ikhwan stronghold, the influence of the Brethren may have been reduced by the removal in July of the Minister, Said Salman, who was himself a member of the movement.

At the same time the Ministry of Islamic Affairs and Awqaf, which supervises the mosques and administers religious endowments (*awqaf*), has taken steps to control the expression of pro-Ikhwan views in sermons.

Earlier this year there was a rash of embarrassing sermons, in which preachers (*qutaba*) inveighed against the brutal and heretical regime of President Assad in Syria—it being the tradition in Muslim societies that the lawyers and teachers who give sermons should address themselves to whatever subjects they feel are important at the moment.

Now the *qutaba*, who are government employees, have been given guidelines for their sermons and are occasionally asked about what they intend to preach.

Shaikh Sultan bin Mohammad of Qassimi of Sharjah, who *is* certainly the most modern and intellectual of the rulers, has said in private that Muslim fundamentalism is still a dangerous threat to the UAE and that the states should liberalise in order to bind the shaikhs and the people together.

Sharjah traditionally has been a state with a well-educated liberal population. Before the Second World War the state was more in touch with the outside world than the other emirates, and in the 1950s many of its citizens were sent to be educated in Cairo, where they absorbed the nationalist views of Gamal Abdul-Nasser.

Now the people of Sharjah, more than the citizens of Abu Dhabi and Dubai, tend to pursue semi-professional careers, instead of trading, and have a reputation for being slightly radical and in favour of a strong federal government—not least because this would bring them closer to the oil revenues of their southern neighbours.

One of the major concerns at present of the educated bourgeoisie which is by no means composed entirely of Sharjah citizens, is that in the next few years the authority of the Federal government may recede, to the benefit of the direct authority of the seven ruling families. This is the type of issue discussed in the underground paper, Al Azmina al Arabi, which is read avidly by young radicals in the Emirates.

The fear is prompted by the fact that the Federal Prime Minister, Shaikh Rashid of Dubai, who only became committed to the Federal government in 1979, is dying. The sons who will succeed him are either uninterested in politics or uninterested in the Federation, or both.

Lapse

The liberals worry that the internal politics of the Federation may lapse into the state in which they were at the beginning of 1979, when the Federal National Council felt itself forced to submit a memorandum on reform to the Supreme Council of Rulers. The central issue in the crisis was the need to curb rivalries between emirates, and make the federation more governable and its institutions more efficient.

It is unlikely that the new Federal Council, appointed in 1981, would repeat the petition of its predecessor. Its members are more pliant. They are led by a much less radical speaker and have been notably quiet in the last two years.

The authority of the federation has waxed and waned several times since 1971. The development of united institutions among its members has been a story of two steps forward and one step back. Even today the armies of the federation, though united in theory, have separate commands and pursue separate purchasing policies.

Shaikh Zayed of Abu Dhabi, the Federal President, and the other more federally-minded rulers have not insisted on forcing the pace; they have let federal authority in different areas be as strong or as weak as has seemed sensible.

This may have been the despair of anyone who has wanted to see the UAE government constituted along modern, rational bureaucratic lines, but in a society where personalities are still more important than institutions, as they are in all Arabian states, it has also been a great strength.

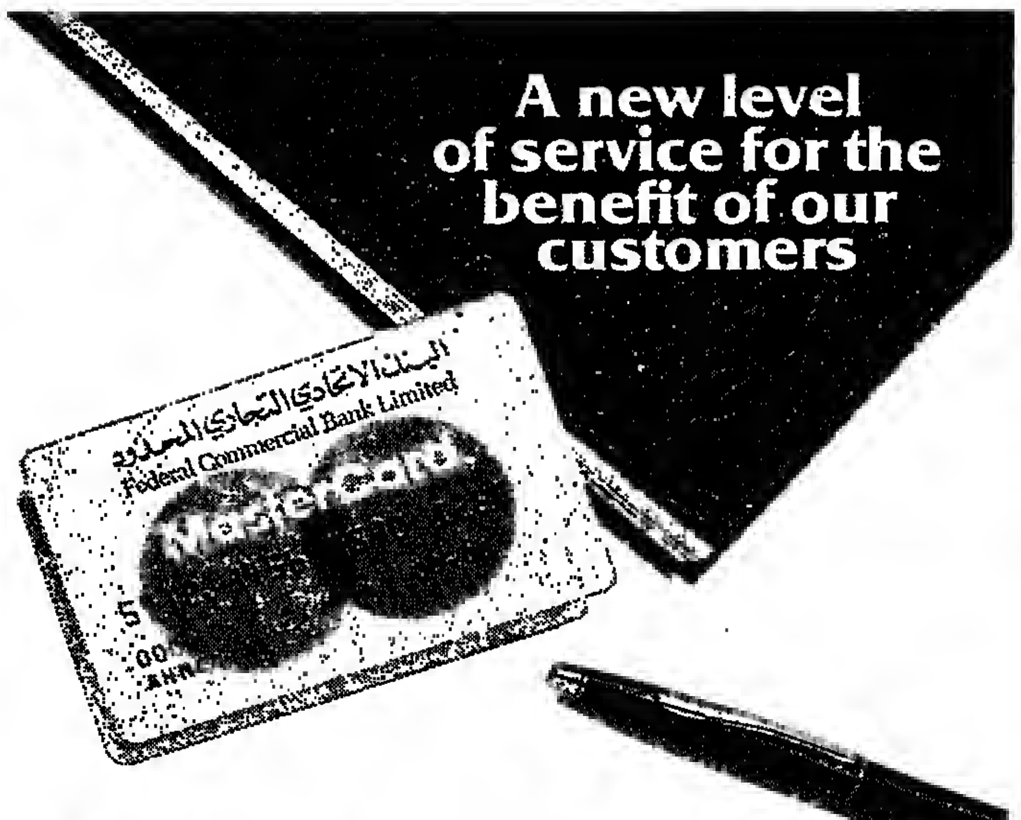
The entrepot state of Dubai, in particular, would have been strangled by the imposition of the expensive, time-consuming bureaucracy that Abu Dhabi has.

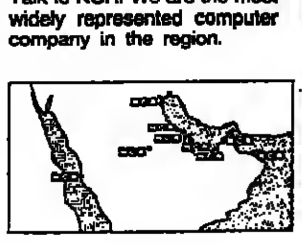
Beneath the level of federal institutions the states of the UAE are being brought together all the time by broad social changes. In the north the towns of Dubai, Sharjah and Ajman have spread into each other and to some extent live off each other, thus reducing their citizens' feeling of separateness.

A growing number of young, Western-educated technocrats, who work in quite senior positions in the federal administration, are beginning to consider themselves to be citizens of the UAE rather than the people of particular sheikhs.

Throughout the Gulf and Saudi Arabia the existence—and vigour—of the Gulf Co-operation Council is making people realise that they have an Arabian, as well as a tribal, community or national, identity.

Any attempt to accelerate this natural pace of change by artificial political means would be dangerous. For the time being, the stronger the government at the centre, the more likely the federation would be to collapse.





UNITED ARAB EMIRATES II

Falling revenues force cutbacks

Economy

KATHY EVANS

THE LAST 18 months in the Emirates has not only been a time of belt-tightening, it has given an opportunity for the government to tell citizens and residents that a wind of change is blowing through the country's economic structure.

After the boom times of 1976 to 1980, the country's economy is now gaining stability. No matter how much its business community would like otherwise, the boom conditions are not going to return, even if the oil market improves. The major reason for this is that a large portion of the country's infrastructure is now in place, and there will be no repetition of the large multi-million dollar projects.

In some sectors of the economy, this transformation has been painful; there is already an increase in the number of bankruptcies recorded in Abu Dhabi. But the well-established companies will learn to diversify away from the Emirates.

The path began to turn in 1980 with the first symptoms of the downturn in the oil market. Output has dropped from 1.8m barrels a day in 1979 to 1.7m b/d in 1980 and 1.5m b/d in 1981. Last year's production edged down once again to 1.26m b/d, which is about where it remains today. The output cuts have been made entirely by Abu Dhabi; Dubai's production has been static.

However both states hava been affected by the drop in prices agreed last March at the London meeting of Opec, and revenues have subsequently declined. From a high in 1980 of $17.3bn, this year's receipts from oil are expecled to be between $9bn and $10bn. Simultaneously, the cost of oil production is going up, particularly in Abu Dhabi, where in the new Upper Zakum field it is as high as $7.32 a barrel, compared with a norm of around $2.50 or less a barrel elsewhere in the country.

Shortages of associated gas

The slump in oil production has also had an impact on Abu Dhabi's Gasco plant, which is designed for a production level of 1m b/d from the onshore fields. The plant is presently running at half capacity. The ADGLC plant on Das Island has likewise experienced shortages of associated gas, but still managed to provide some $568m in exports last year.

On top of these oil and gas exports, Abu Dhabi earns some $1.5bn in income from foreign investments, most of which are administered by its own investment authority. The foreign assets of the state are believed to be a bit over $20bn, but no official confirmation of this is provided by the government—not even to the IMF. Abu Dhabi likes to keep its financial affairs very close to its chest. "A lot of people are jealous and hostile to Arab money and its surpluses," said one senior finance official.

The downturn in income has caused the federation to record its second budget deficit this year, even though the two contributors to the budget, Dubai and Abu Dhabi, taken individually, are still in surplus.

The states' determination to trim budgets in line with the decline in revenue intensified the tone of the yearly federal budget negotiations between Abu Dhabi and Dubai—the two emirates that make contributions. The current 1983 budget was not officially approved until early September, and the delay led to enormous financial difficulties for local companies. Payments to contractors are now 12 months in arrears in some cases. This, in turn, put considerable strain on local banks, which are financing contractors until payments are received.

This year it was the defence element in the budget which caused the difficulties in the negotiations. Defence is now absorbing about 50 per cent of the federation's budget, for both emirates have begun major weapons purchases.

Abu Dhabi is reported to have ordered some 18 Mirage 2000 aircraft from France, and an undisclosed number of tanks. Dubai, in turn, placed orders with the British for a dozen Ha[illegible] aircraft. Officially, of course, both orders were made in the name of the regional commands of the federal defence forces.

Moreover, this year Dubai is also reported to have objected to the continuing flow of aid to Iraq, which though smaller than in previous years, was considered to work against its interests as an entrepot centre for Iran.

Added to that was the almost traditional reluctance of Dubai to contribute to the swollen bureaucracy of the federation. Dubai considers the federation's structure to be cumbersome, inefficient and largely benefiting Abu Dhabi landlords who notch up fortunes renting buildings to civil servants and Ministries based in the capital.

By tradition, Dubai's contribution is made only after its local expenditures on health, the Army, police and the municipality are subtracted. This year, the Emirate handed over about Dh3bn ($800m) compared with over Dh9.5bn from Abu Dhabi.

The federation's deficit has grown considerably in the last two years. In 1982, the forecast deficit was about Dh2.3bn on an overall budget of Dh20.2bn. The actual deficit turned out to be bigger, about Dh3.2bn, largely because oil revenues declined more than expected and budget income ended up at only Dh16bn.

The deficit was financed largely from buffer cash reserves left over from previous years and by deferments in payments to contractors. The budget was only 87 per cent implemented last year.

The first half of 1983 was the tightest period ever for the local merchant community, and many perched on the edge of bankruptcy as payment delays lengthened. Occasionally, the President was encouraged to write individual cheques of more than Dh100m to help local companies through this period.

There was even a dislocation in petroleum supplies when the Emirates General Petroleum Corporation suffered a liquidity problem because subsidies were not handed over and its customers delayed making payments.

When the latest budget was finally passed in the autumn, the projected deficit was Dh5.5bn. Overall budget expenditures in 1983 are expected to be about Dh18.4bn, and contributions from the two emirates will be Dh12.9bn. Most of the budget, apart from Dh1.5bn which is going for development, is earmarked for current expenditures. By far the largest amount, some Dh8bn, is going for defence.

Reduction in subsidies

Federal finance officials say they are aiming for an eventual deficit of only Dh 2.5bn or Dh 3bn, instead of the projected Dh 5.5bn. This will be done, they say, by reducing subsidies and cutting a number of services. (There is no indication that defence expenditures will face any cutbacks, however.) Other government estimates say that with successful budget tightening measures, and a lower implementation rate of say 70 per cent, the deficit may finish up at only Dh 1bn to Dh 2bn.

Whatever the deficit works out to be, it will have to be financed in some way. Naturally, the size of the problem will be cut down considerably if there exists the political will to implement the measures being talked of. However, there is also speculation in Abu Dhabi that the federation may look to the international market to tide it over this period.

Finance officials are talking of borrowing—partly from the local market, either through treasury bonds or bills, and partly from the international banking community, through a syndicated Eurodollar borrowing.

Figures of $500m or more have been mentioned, but in recent weeks there has been growing disenchantment with the idea. A Eurodollar loan would encourage the country to live beyond its means, say officials. Far better, they add, for the country to take the opportunity for some real squeeze measures now and face up to the fact that the weakness in the oil market may continue for some time to come.

Cutting budgets is never easy, particularly in a country like the Emirates, which has been cosseted for so long by a de luxe welfare state. Logically, the first item to tackle is electricity, which absorbs the largest part of the subsidies bill.

Consumers' electricity is 99 per cent subsidised in the Emirates, and costs the country about Dh 1bn a year. Many nationals do not even pay their electricity bills; local electricity departments are currently owed around Dh 50m in payment arrears. On top of that, there is the enormous cost of building power stations, which in Abu Dhabi this year is the largest item on the budget. The Tawila project will cost about Dh 5bn, it is believed.

Source of friction

Electricity subsidies are also a source of inter-emirate friction, for most northern rulers believe the cost of their power stations and the fuel they burn, as well as the sales price to consumers, should be underwritten by the federation. As yet, it is unclear whether Sharjah will continue to receive a subsidy from the federation once its power stations begin using its own gas.

Despite the growing size of the electricity bill and the burden it carries for the annual budgets, there are still conflicting ideas on what, if anything, should be done about it. Abu Dhabi officials say they view electricity as "a service like roads and health" and any increase in the unit price would make life difficult for the country's embryonic industries.

Simultaneously, federal officials say they want to see "gradual increases up to the actual cost over a period of years." Clearly, the issue of electricity costs is going to be a ticklish one, politically and socially, for some years to come.

The federation has, however, made progress on the question of petroleum subsidies. Local gas prices were increased considerably earlier this year and UAE consumers now pay much more than American drivers for a gallon of gas. The current price of Dh 5.40, which compares with an old price of Dh 3.75, reflects the actual cost, say officials. This will cut some Dh 1.5bn off budgetary requirements.

Other budget cuts are going to be more painful to initiate, particularly for the country's foreign residents. UAE federal officials say they are considering instituting charges for medical services and prescriptions for non-nationals. This is only the first stage of the programme; later, the charges could be extended to nationals as well, though at symbolic prices.

The distinction between services for nationals and those for foreigners is echoed in the education system. Newcomers to the educational system will no longer be able to go to the state primary schools if they are not citizens. The rule is even being applied to children of Education Ministry employees, which has caused considerable controversy.

At present nationals constitute only a third to a half of the total intake, and thus the decision will throw thousands of Arab school children into private sector institutions. However, it will initiate considerable savings for the budget.

Additional savings are expected from reductions in the size of food subsidies. Some eight commodities, including rice, sugar and cooking oil, are currently subsidised, at an annual cost of Dh 400m. The Government has removed altogether the subsidy on Ramadan meat which accounted for Dh 450m annually on the budget.

Further, the Government appears fairly determined to make some inroads into the federal payroll, currently numbering 42,000. Reports indicate that the cuts under consideration may be as large as 20 per cent. There are also hopes that the Government's rent bill, paid to accommodate civil servants, will come down, and in fact, in Abu Dhabi, most of the downward pressure on rents is coming from the Government. Ministries are simply refusing to pay old-style rents.

Some effort is also going to be made to trim the country's foreign aid bill, particularly through the established aid institution, the Abu Dhabi Fund for Arab Economic Development. Between 1972 and 1977, the aid bill accounted for 9 per cent of oil receipts, but after 1980 it began to tail off. Since the federal Government assumed responsibility for foreign grants, it has declined further to about 5 per cent in 1982, or 2 per cent of GDP.

These figures, however, do not take account of aid personally authorised by the President. Furthermore the Emirate is still committed to assist the confrontation states under the terms of the Baghdad summit agreement, and that alone accounts for Dh 1bn. Aid to Iraq, thought to have totalled $500m in 1982, has declined.

Progressive measures

Many of the budgetary measures are progressive in nature, and federal officials say that the savings may not show up this year at all, but will materialise in later years.

The delays in payment to contractors are likely to continue, and few new projects are expected even if the oil market picks up. Local businessmen say that a lot of hidden inefficiencies were being excused in the name of payment arrears, but in the next year or so they will identify those companies which have a solid financial structure and those which do not. Meanwhile, many local companies are cutting down on staff, and looking to nearby Gulf countries for work.

Despite all the economies there is increasing talk in official circles about the need for some kind of taxation. At present, personal taxation does not appear to be under consideration, but a tax on imported goods is. Primarily, such a tax would be designed to protect local industries.

Easy to administer

Thought is also being given to a car or road tax. Such a levy would be easy to administer, hopefully cut the number of cars on the road, and produce Dh 1bn in revenue, officials say.

Taken individually, the financial situations of both Abu Dhabi and Dubai look considerably brighter than the federal structure. In theory, Abu Dhabi's 1983 budget carries a deficit of Dh 2.8bn but in reality, given some savings being made, the emirate will end up in surplus, say finance department officials.

The overall budget for Abu Dhabi this year is Dh 24.4bn, which includes the emirate's contribution to the federation, aid and other unaccounted items. Revenues are projected at Dh 21.5bn. The development budget this year is Dh 5.9bn and current expenditure is expected to absorb Dh 4.6bn. Officials say that "given no further collapse in the oil market, we will be in surplus."

Proportionally, Dubai is in a much better position. The emirate has not cut its oil output at all and its income this year will be between Dh 12bn and Dh 13bn, of which expenditures will absorb only half. A major part of the Dubai projects budget of Dh 3.5bn is still going on electricity, while current expenditure including the army is about Dh 1.7bn.

Dubai has paid off all its former Eurodollar loans and now has the future bonus of its Margham field, which promises to boost production by a further 80,000 b/d.

There has been much talk in the last two years of a new period of "austerity" and "austerity" budgets. However, it must be remembered that back in the boom years of the mid-1970s the federal budget was Dh 8bn. Today it is Dh 18.4bn, and everyone complains of cutbacks.

CONSOLIDATED REVENUES AND EXPENDITURE OF FEDERAL AND STATE GOVERNMENTS

(millions of Dh)

	1978 Amount	%	1979 Amount	%	1980 Amount	%	1981 Amount	%	1982 (budget) Amount	%	1982* Amount	%
1 REVENUES	6,973.9	100.0	8,686.2	100.0	17,386‖	100.0	23,193.7	100.0	20,275.6	100.0	16,049.8	100.0
Emirates contributions	6,813.4	97.7	8,493.8	97.0	17,146.0	98.6	22,614.8	97.5	19,875	98.0	15,653.3	97.5
Other revenues	160.5	2.3	192.4	2.6	239.4	1.4	578.9	2.5	400.6	2.0	396.5	2.5
2 EXPENDITURES	7,007.6	100.0	8,459.8	100.0	15,067.1‖	100.0	20,633.6	100.0	22,559.5	100.0	19,254.8	100.0
Current, of which:	5,853.4	93.5	7,362.4	88.7	12,290.1	81.1	17,682.6	85.7	19,019.6	84.3	17,119.3	88.9
Ministry of State†	34.9	0.5	71.1	0.6	73.6	0.5	106.0	0.5	177.6	0.8	98.7	0.5
Finance and Industry	34.0	0.5	30.6	0.4	38.6	0.3	49.4	0.2	62.3	0.3	56.3	0.3
Economy and Commerce	8.7	0.1	8.1	0.1	9.4	0.1	9.6	0.1	14.9	0.1	10.8	0.1
Interior, Justice & Defence	3,270.7	46.7	4,511.7	56.4	7,762.0	51.5	9,335.0	45.3	10,055.1	44.6	8,891.8	46.2
Housing and Public Works	27.5	0.4	38.5	0.5	43.1	0.3	50.6	0.3	63.4	0.3	55.5	0.3
Communications	45.6	0.6	60.1	0.7	63.0	0.4	68.4	0.3	98.0	0.4	80.5	0.4
Health	557.4	8.0	667.0	7.7	847.7	5.6	1,056.7	5.1	1,343.4	5.9	1,102.0	5.7
Agriculture and Fisheries	46.5	0.7	55.4	0.7	63.1	0.4	79.3	0.4	107.1	0.5	86.6	0.4
Education and Youth	753.3	10.7	864.0	9.9	985.1	6.5	1,152.7	5.6	1,495.4	6.6	1,323.6	6.9
Petroleum	15.2	0.2	16.9	0.2	15.5	0.1	27.8	0.1	23.3	0.1	20.3	0.1
Electricity and Water	113.4	1.6	156.4	1.7	171.1	1.1	255.8	1.2	402.2	1.8	371.9	1.9
Other Ministries‡	550.8	7.9	609.2	6.9	672.0	4.5	913.1	4.4	1,194.1	5.3	955.0	5.0
Unclassified§	395.4	5.6	273.4	2.7	1,375.9	9.1	4,578.4	22.2	3,982.8	17.6	4,066.5	21.1
Development, of which:	481.7	6.9	598.4	5.8	878.7	5.8	1,345.4	6.5	1,950.3	8.7	1,450.7	7.5
Ministry of Interior and Justice	35.3	0.5	79.0	0.4	89.6	0.6	177.0	0.9	263.7	1.2	206.7	1.1
Electricity and Water	40.0	0.6	51.5	0.7	117.8	0.8	297.3	1.4	500.0	2.2	535.4	2.8
Housing	62.5	0.9	82.3	0.8	129.9	0.9	188.4	0.9	185.0	0.8	194.0	1.0
Communications	166.0	2.4	93.4	0.7	144.1	1.0	203.4	1.0	300.0	1.3	149.0	0.8
Health	26.3	0.4	79.6	0.8	81.6	0.5	100.0	0.5	143.5	0.6	43.3	0.2
Agriculture	27.9	0.4	45.9	0.6	46.1	0.3	85.5	0.4	195.0	0.9	110.5	0.6
Education and Youth	88.9	1.3	148.2	1.5	235.7	1.7	257.9	1.2	214.1	1.0	159.4	0.8
Other Ministries¶	34.8	0.4	18.5	0.3	33.9	0.2	35.9	0.2	149.0	0.7	52.4	0.2
Equity participation	672.5	9.6	499.0	5.5	17,968.3	13.1	1,605.6	7.8	1,589.8	7.0	684.8	3.6
IMF Account	—	—	—	—	—	—	—	—	—	—	—	—
Surplus + or deficit −	− 33.7	—	+226.4	—	—	—	+2,605.1	—	−2,283.9	—	−3,205.0	—

* Provisional figures. † Includes Council of Ministers and the National Federal Council. ‡ Includes Ministries of Labour and Social Affairs, Information, Planning, Foreign Affairs and State Audit Institution. § Includes other allowances not assigned to a particular ministry, from 1980, it also includes subsidies of petroleum products to Northern Emirates. ¶ Includes Ministries mentioned in notes *, † above, and Ministries of Finance and Industry as well as Petroleum and Mineral Resources. ‖ There was the amount of Dh 4.7bn which has been regarded as part of Abu Dhabi's contribution in the Federal Budget (not included), used with the knowledge of Abu Dhabi Government but not yet adjusted in the Federal Government accounts. This amount was used up in various current and development expenditure items.

Source: IMF.

Family concerns under pressure to merge

Banking

STEPHANIE GRAY

IF THE UAE authorities had their way, the days of the traditional family bank in the emirates would be numbered. The 51 banks operating through 323 branches in a country of little more than 1m people must make the UAE ona of tha most over-banked countries in the world. Some streets are simply lined with bank buildings.

Twenty-two of the banks are tha family concerns that have given the local industry most of its colour and many nervous moments. In U.S. terms, few of the banks would be viable and, even by UAE standards, all but nine of them are not particularly sound.

The latest casualty is Union Bank of the Middle East (UBME) that was taken over by the government a fortnight ago after running into severe liquidity problems.

The prestige of seven sheikhdoms and their rulers, not to mention other powerful families, has much to do with the way the system has evolved in such disordered fashion. Just how the Central Bank will persuade any of the banks to merge—nationalisation would be unthinkable—remains to be seen. Disputes within families can lead to brothers setting up banks in direct competition with each other, making a difficult task even more so.

Various unorthodox methods have been suggested but, for the moment, the Central Bank contents itself with the odd gentle nudge while it moves to strengthen the base of a system that has seen some hard times with an extensive range of proposals.

Most locally-registered banks have been overburdened by loans to construction companies, many of which have not been paid by the government and face bankruptcy. Oil revenues are down by almost 40 per cent as a result of the world glut and Opec's price cuts and production quotas. Foreign workers who have been made redundant are taking their money home with them.

The slowdown in government spending has curbed the growth of bank credit to the private sector—9 per cent last year compared with 17 per cent in 1981. In June it stood at just over Db 9bn. Conversely, credit to the government grew by over 50 per cent, compared with 5 per cent growth in 1981.

Less confident

Hardest hit by the flat private sector demand are the Dubai banks, whose letters of credit business was down by about 30 per cent last year on 1981 figures.

The downturn in economic activity seems to have made the commercial banks less confident and more willing to comply with the new regulations of the Central Bank than they might have been otherwise.

The bank, set up in 1980 to take over from the ill-fated Currency Board, has gained respect and some authority where its poedecessor had not much of either.

The Board started off badly with no support from the rulers of the emirates who saw it as a threat to their fiscal power. A series of scandals finally put it out of business after seven years in operation.

The Central Bank, by contrast, did have federal support and moved quickly to establish order; rather too quickly in the eyes of the bankers, imposing over-optimistic deadlines for compliance with legislation that required some major readjustment.

The Central Bank's power has been reinforced by the reserve requirements imposed on the commercial banks under which they place in dollars 7 per cent of their dirham deposits and 5 per cent of their foreign currency deposits with the bank interest-free.

One of the first measures the bank took was to enforce rigorously the Currency Board's minimum paid-up capital requirement of Dh40m ($11.4m). It further tightened the system by insisting that banks' total liabilities in proportion to their capital and reserves should not exceed a ratio of 15 to 1. It also required that banks' loans should not exceed 100 per cent of their deposits.

Short-term borrowing

Before this legislation was introduced, it had been the practice to lend much more than the total and borrow the balance short-term on the money market.

Most recently, the Central Bank ordered that the commercial banks should not give loans or guarantees to any single director worth more than 5 per cent of their capital or, to the board of directors as a whole, loans or guarantees worth more than 25 per cent of their capital.

The directive caused much agitation. It said the banks should deal with directors "on a plain commercial basis" and added that they should "adopt a tactful banking policy when asked by directors for loans ... so that a director's position in the bank does not affect the decision to grant facilities."

The order was one of the hardest to swallow, especially as many of the directors are some of the most powerful men in the land. How, for instance, would a humble general manager refuse a big loan to a sheikh? For that matter, how does he call in a loan?

Most of the banks had lent excessively to their chairmen and directors. It was unclear for a long time how the law would be enforced and it was certainly unrealistic to expect results within three months, as originally decreed.

There have been many deadlines since, the latest being the end of this year. By now, all but Union Bank bave rescheduled their debts on regular banking terms over periods of up to eight years.

Mr Abdul Wahab Galadari, the bank's chairman, and the board of directors were replaced by a government team earlier this month Mr Galadari was forced to hand over a major part of his local assets for collateral on loans he has taken from the bank. The assets include the Dubai Hyatt Regency Hotel and the adjoining Galleria office and shopping complex as well as Mr Galadari's 46.6 per cent shareholding in tha bank.

Loans to the former chairman amounted to between $220m and $270m—25 to 30 per cent of UBME's total lending.

The Central Bank bas said that it would give open-ended support to the bank if this proved necessary. Its intervention has quelled fears that the authorities were about to "pull the rug out."

In view of the Central Bank's steps to protect the local sector from the substantial foreign competition, it was something of an irony that the restriction on directors' loans diverted a lot of business in the foreign banks' way.

The squeeze on foreign banks started many years ago with a moratorium on newcomers. Exceptions were made for representative offices, which could be set up provided a UAE bank could open a branch in the country concerned. A recent arrival has been Banco Siciliano though it is not known whether a local bank has opened an Italian office in exchange.

The noose tightened last year when all foreign operators were ordered to shut all but eight of their branches. For most of the nine foreign banks affected, the reduction was only of the order of three or four branches. But the British Bank of the Middle East, which had almost monopolised banking needs, certainly in Dubai and Sharjah, in the decade or two after 1946, when it moved in, had a total of 23 offices to dispose of.

Loyal customers

All but four of the branches have now been shut and the BBME, 100 per cent owned by the Hongkong and Shanghai Bank, expects to have complied fully by the end of next month. The effect of the closures has been negligible, it says. Its customers have proved loyal and have simply moved their accounts to the remaining offices and 1982's undisclosed but apparently "bealthy" profits are expected to be repeated, if not increased.

The other big foreign bank to ba affected was Bank of *Credit* and *Commerce* International, which has 28 branches. BCCI split into two companies, one local and one foreign, to circumvent the regulations. Its action was attacked by some bankers as "immoral."

The curbs on the operations of the foreign banks have made the late arrivals reconsider their positions. If legislation requiring all companies to be 51 per cent locally owned is extended to banks, many would clearly want to move out. There are conflicting reports on whether the company legislation will apply to the banks and, until now, none of the foreign operations has packed its bags.

Partly as an effect of the branch quota, the foreign banks have tended to concentrate their work on serving international clients in their dealings with the UAE, leaving about 60 per cent of the less-sophisticated business of catering for the local markets to their nationally-owned counterparts.

Government directive

For all banks, the most important outstanding problem is that of interest rates, prohibited by Islam as usury. A directive from the Government allows rates of up to 12 per cent though they are referred to rather as "cost of funds plus expenses" or fudged in some other way.

The judges in the Shariah courts, however, have not been greatly moved by the Government's instructions and often go their own way on all legislation.

In general, the UAE banks face much leaner times than in previous years when growth rates were substantial. If they attain the same profits this year as in 1982, it will be a real achievement.

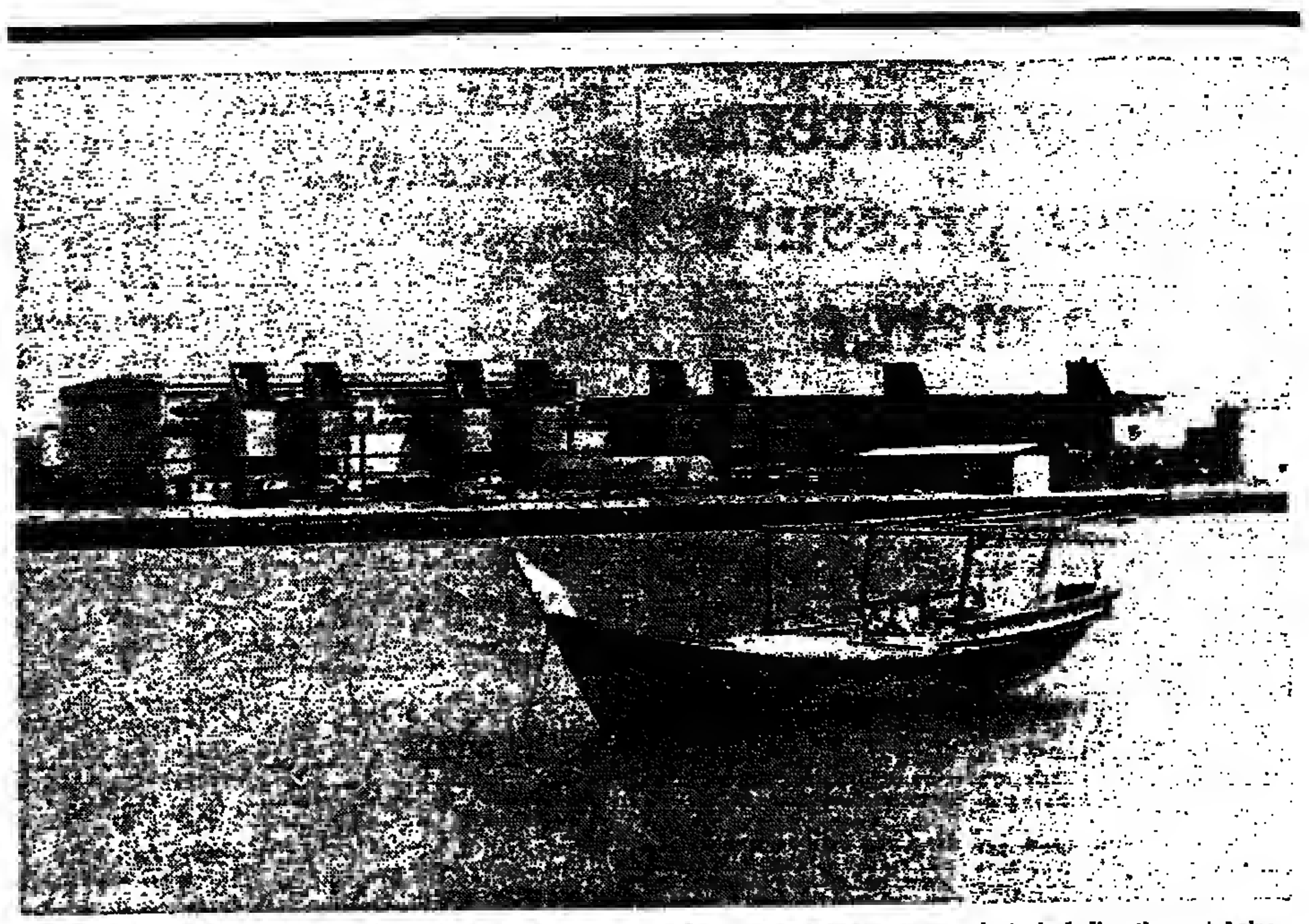
The UAE in Statistics

Area:				77,000 sq kms
Population (1980 estimate):				1.04m
GDP per capita (1980 estimate):				U.S.$28,457
	1979	1980	1981	1982
	(Millions of barrels)			
Crude oil production	668	626	549	459
Abu Dhabi	534	494	414	329
Dubai	129	128	131	127
Sharjah	5	4	4	3
	(Billions of dirhams)			
National accounts (at current prices)				
Private final consumption	15.3	19.0	24.1	24.9
Government final consumption	9.6	12.0	17.3	18.4
Gross fixed investment	28.4	30.1	29.3	31.9
Change in stocks	−0.8	1.0	2.7	1.6
Domestic expenditure	52.5	62.1	73.4	76.8
Exports, goods, and nonfactor services	56.9	85.6	84.9	69.8
Import, goods, and nonfactor services	−29.4	−37.9	−40.8	−37.7
Gross domestic product (market prices)	80.0	109.8	117.5	108.9
	(Rate of change)			
Real gross domestic product				
Crude oil	—	−6	−12	−16
Other	8	14	9	3
Total GDP	4	4	−2	−6
				Prelim
	1979	1980	1981	1982
	(Billions of dirhams)			
Public sector finances*				
Revenues, of which:	28.7	46.7	47.8	37.5
Oil	(26.9)	(44.6)	(45.0)	(34.9)
Expenditures, of which:	26.1	36.2	42.5	40.6
Development	(9.3)	(7.5)	(7.7)	(8.9)
				Prev
	1979	1980	1981	1982
	(Billions of U.S. dollars)			
Balance of payments				
Exports, fob, of which:	15.0	22.2	21.8	18.2
Crude oil	(13.1)	(19.6)	(18.3)	(14.5)
Imports, fob	−6.1	−7.6	−8.6	−8.1
Services and private transfers (net)	−2.4	−2.6	−3.1	−2.4
Official grants	−1.0	−1.7	−1.1	−0.7
Current account balance	5.5	10.3	9.0	7.0
Official loans (net)	−0.1	−0.6	−1.7	−1.0
Errors and omissions (including private capital)	−1.8	−3.1	−1.6	−2.2
Government, foreign investments†	−3.3	−4.9	−3.4	−2.8
Net foreign assets of banking system	−0.3	−1.7	−2.3	−1.0
Central Bank	(−0.6)	(−0.5)	(−1.3)	(−0.2)
Commercial banks	(0.3)	(−1.2)	(−1.0)	(−0.8)
				1982
	(Dirhams per U.S. dollar)			
Exchange rate				
Period average	3.82	3.71	3.67	3.67
	89.	2.		— wbs

* Eestimates cover the Federal Government and the Governments of Abu Dhabi and Dubai only. Oil revenues in the budgetary data differ from oil export proceeds as recorded in the balance of payments mainly because Abu Dhabi budget does not include retained earnings by Abu Dhabi National Oil Company and Dubai budget includes only the revennes transferred by the Ruler to finance expenditures.

† Includes estimated investment income.

UNITED ARAB EMIRATES IV



The power station at Ras al Khaimah. Cuts in spending plans resulted in some infrastructure projects, including the port, being completed on a reduced scale, with finance provided by the Ruler from his own funds

Determined to become an oil producer

Ras al Khaimah

MICHAEL FIELD

IN MARCH this year Gulf Oil made Ras al Khaimah's first ever genuinely plausible oil discovery. The first well it drilled in the state's offshore concession struck condensate mixed with some crude, which flowed at a rate of 5,800 barrels a day.

This is a far better prospect than any of the other famous Ras al Khaimah discoveries of the past 12 years. One of these, a gas find made by Union Oil in 1971, caused the emirate's ruler, Shaikh Saqr, to postpone joining the newly-formed United Arab Emirates in the hope of improving his bargaining position in the Supreme Council.

The next well publicised strike was made offshore in 1976 by a German concessionaire, which prematurely declared its find to be commercial and so helped stimulate the ill-fated local boom of that year.

In between these two discoveries and in the years since 1976 several other minor discoveries have stimulated interest in the state's prospects from time to time, though it was never suggested that any of the strikes was commercial.

The new find, named *Salih* ("Good"), has been made 28 miles offshore in 300 ft of water. The depth of the oil-bearing zone is 15,800 ft.

The find has been big enough to cause the state and its partners—Gulf Oil (the operator), the Overseas Petroleum and Investment Corporation of Taiwan, Wintershall and a private company named International Petroleum—to embark on development work. They have had the American oil construction company, McDermott, which has yards in Dubai and Ras al Khaimah, build three jackets for production systems.

This is on the assumption that the discovery well, a second well which is due to be completed before the end of the year, and a third well, which will be drilled immediately after the second, will all be producers. The only way it seems possible to guarantee this is to drill the wells close together.

Fastest development

In effect Ras al Khaimah decided when it made the strike that it would become an oil producer come what may. It accepts, presumably, that its field may not last long.

According to present plans Salih will come on stream early next year—making the development operation the fastest ever undertaken in the Middle East.

Capital for the work is coming equally from the government and the foreign companies. With both its offshore and onshore concessions (the latter held by Amoco) Ras al Khaimah has carried interest arrangements, under which the government takes a 50 per cent shareholding and contributes equity only when a discovery has been made.

The government is being admirably cautious in raising its share of the finance. It does not have any large sum of capital of its own, so initially it is having to borrow all of the money it needs. It has been doing this on a strictly commercial basis, using UAE banks, and it seems to be borrowing a little at a time, in the hope that from January or February next year it will be able to finance the development from its first revenues.

There has been no suggestion of political loans from other Gulf powers, as have occasionally been associated with Ras al Khaimah in the past.

Both government and private investor are being careful in how they react to the Salih find. As the second well nears completion there is none of the noisy confidence that there was a few months ago, and not a scrap of the ill-advised euphoria of the mid-1970s. "The cliche to use," as a diplomat put it recently, "is very cautious optimism."

Everything about the emirate's response to Salih is influenced by its experience of 1974-77.

Liberal laws

In the aftermath of the oil price explosion of the early 1970s almost any development scheme in the Gulf seemed possible. Ras al Khaimah had unusually liberal laws on the ownership of land and companies — from which foreigners are mainly excluded elsewhere in the Gulf — and so attracted a large amount of investment from outside. (These laws have now been revised to conform to federal legislation, though foreigners who already own land in the emirate have been allowed to keep it.)

At the same time the Ruler, Shaikh Saqr, seeking to develop the infrastructure of the emirate, borrowed a considerable sum of money from the UAE Currency Board, then under the direction of an Englishman named Ron Scott. This he spent on such projects as a port (Mina Saqr, near the northern border of his emirate), an airport, a hospital, roads, a power station, a desalination plant, a water distribution system, and reservoirs designed to pool flood water above porous rock and so replenish aquifers.

By the middle of 1976 there was some $500m worth of infrastructural construction work underway in the emirate. 700 Europeans lived there, compared with 120 today.

The boom that resulted was given a further push by the German concessionaire's premature announcement in that year of a commercial oil discovery.

The bubble burst in 1977, when it was realised that the oil strike was not commercial and the Currency Board in a completely unrelated move, stopped payment of its loans. These had been agreed without the knowledge of Shaikh Zayed, the Federal President, which, given Ras al Khaimah's somewhat independent stance in Federal affairs, was tactless to say the least.

Shaikh Saqr had drastically to alter his spending plans. Some of his projects were completed on a reduced scale; in the port, for example, not all ancillary roads were built. In these cases finance was provided by the Ruler from his own funds—mainly customs and municipality dues and royalties from his quarries—and from loans, thought to have come from Kuwait.

Other projects, including the hospital, were finished with grants from Abu Dhabi, and a few more, including some roads and the electricity distribution system, were taken over by the Federal government.

A few government and private projects—one of them being an Intercontinental Hotel and another a big hotel not associated with a chain—were simply left unfinished, which is how they remain to this day.

Eventually most of the money that the Ras al Khaimah government owed to lenders and contractors was repaid. Much of the money came from Shaikh Zayed, whose administration is said to have negotiated tough terms for a settlement, involving creditors agreeing to settle for some two thirds of the money due to them.

This has not helped Ras al Khaimah's credit rating since, and may account for the cautious style of the Shaikh's borrowing recently.

During the last three or four years Ras al Khaimah has slowly been recovering from the debacle of 1977. The federal government has spent a lot of money in the state. Its construction has included 3,000 low cost houses, 30 or 40 schools, a big military base and a patrol boat base in the town.

A number of Arab and foreign companies have invested in the state. The Saudi Chemical Company, which is owned by Prince Khaled bin Abdullah bin Abdel-Rahman, Suliman Olayan and Nitro Nobel and manufacture explosives for blasting, has established a Ras al Khaimah subsidiary called the Gulf Explosives Company. McDermott has built a pressure vessel and pipe fabrication yard there.

The Arab Livestock Company, a pan-Arab concern established in Damascus in the mid-1970s, has invested in a successful beef and dairy farm near Diggagga, on the fertile plain at the foot of the Oman mountains. As part of its operations, which are now being expanded, the farm produces vast quantities of hay.

By far the biggest productive enterprises in the state make use of Ras al Khaimah's quarries. Two of them are cement plans — Union Cement, built in the early 1970s and owned mainly by the Ras al Khaimah government, and Gulf Cement. The latter is owned by Kuwaiti and local interests and has a 1m-ton-capacity export plant (the same size as Union's) which was brought on stream in 1982.

Three other concerns are mining companies: Stevin Rock, a Dutch/local joint-venture, a company owned by Six Construct of Belgium, and the Ras al Khaimah Rock Company, owned by the ruling family. The last of these, which is a vast concern producing 5m tons of rock a year — for building sea walls or crushing for aggregate or cement — supplied much of the material needed for the building of Jubail port in Saudi Arabia.

The newest industrial projects in the state, started before oil was discovered, are Gulf Pharmaceutical Industries, a pan-Arab project which is now finished and undergoing tests, and a 350,000 tpa white cement plant, being built by George Wimpey, Blue Circle, and Hitachi.

If the state's petroleum development is successful a methanol plant may be built, to make use of the methane gas which will be produced with the oil and condensate. Last year the Emirate's Government signed a loose agreement on this project with Wheelabrater Frye Signal. According to this, the American company will invest in the plant with Ras al Khaimah, and market its output—if the state is proved to have enough gas to make it worthwhile and if in 1984 or 1985 both parties are still interested in the scheme.

Political freedom

It is speculated that if it decides not to build this plant, Ras al Khaimah may use the gas to fuel its power station, which remains under its own control, instead of drawing gas from Sharjah's Sajaa condensate field through the Emirate's General Petroleum Corporation gas grid. The advantage of such a scheme would be that it would maintain a greater degree of political freedom for Shaikh Saqr—a matter dear to his heart.

While contemplating his future as an oil producer, the Shaikh earlier this month decreed a lowering of electricity prices for his people and industrial companies. His act ran totally against the trend towards reducing subsidies and welfare payments which is seen elsewhere in Arabia.

Sajaa gas lifting debts burden

Sharjah

KATHY EVANS

IN THE eyes of many UAE nationals, the emirate of Sharjah and its ruler, Sheikh Sultan bin Mohammed al Qassimi, play a very significant political role in the federation.

Sheikh Sultan is the most educated ruler in the country, with a degree in agriculture from Cairo University. He has spent the past summer getting up early in the morning to study for his doctorate in Arab history from Exeter University.

Education is important to citizens of the northern emirates, where the rulers are unable to dispense largesse among their peoples. Not surprisingly, they have gained a reputation as being the greatest supporters of e federal government and of increasing its efficiency by the use of the best talents available. Sharjah has become the centre of this movement, often misconceived as radical and anti-sheikh by outsiders.

Sharjah also plays an important cultural role in the federation. The emirate is the bome of the country's most popular and outspoken newspaper, Al Khaleej (The Gulf), which is known for its supportive stance on Arab and Palestinian affairs. On Gulf issues the paper has to take account of the political environment. A sister magazine, Al Azmina al Arabi, which was also Sharjah-based, was banned when its editorials hit too close to bome.

Poetry evenings

In artistic matters, too, Sharjah is host to numerous poetry evenings and debates, and has one of the most active theatre groups in the country.

The emirate has a reputation for being one of the most liberally-minded in social terms. This year Sharjah is welcoming over 10,000 tourists from West Germany and Scandinavia travelling on package tours. Such business is unknown in other emirates.

However, liberalism is a two-edged sword in the Gulf and so to ward off any criticism the Ruler recently decided to close the bars in all second-class hotels. The result was an avalanche of cables of congratulation from the country's ulemas and municipalities association. The tourist trade, though, remained intact.

Economically Sharjah has a mixed reputation. On the one hand there is the forthcoming bonus of the Sajaa gas and condensate/oil field, which will provide gas to power stations in Ras al Khaimah and Fujairah as well as Sharjah. The emirate's Liquefied Petroleum Gas (LPG) project, also based on Sajaa, is soon to be signed, and in the coming few months oil/condensate production is to double.

On the other hand, the emirate is burdened with debts, some of which date back many years, to the mid-1970s, when Sharjah was trying to promote itself as the most open and liberal business centre in the Gulf. This ambition is dead, though the office and apartment blocks built during the boom, which for long remained empty, are now reasonably full. The emirate attracts companies not just as e dormitory town for Dubai, but as a low-cost business base in the northern states.

On a number of loans dating from the mid-1970s, particularly those guaranteed by Abu Dhabi, Sharjah is not paying even the interest. And because of these payment difficulties the emirate has been regarded warily by contractors. By 1985, however, local bankers believe that most of the debts will have been paid off by the influx of oil and gas receipts.

The Sajaa field is the bright star in Sharjah's economy. Production from the field is totally owned by Amoco Sharjah company in an old-style concession agreement, under which the U.S. company pays royalties of 14½ per cent a year and a tax of 77 per cent on net profits.

Production of condensate is currently varying between 28,000 barrels a dey and 35,000 b/d, but next year, this output is due to go up to 55,000 b/d.

The size of the field, however, was somewhat over-estimated in the early days of testing, and now the figures have been downgraded from the optimistic level of 10 trillion (million million) cubic ft to around 7 trillion cu ft.

Its true size is still the subject of study by Amoco, and so far no final figures have been passed over to the government. However, at projected rates of production, the field will last around 20 years, it is thought. "The life of the field depends of course on output, and around here, the tendency is to over-produce for monetary purposes," commented one local oil executive.

Sajaa is predominantly a gas field, and output is expected to be around 400 to 500m cu ft daily. Of this, some 300m cu ft a day is under contract to the Emirates General Petroleum Corporation for supply to power stations in the northern emirates. The corporation is currently engaged in the $190m project of laying 224 km of pipelines to Ras al Khaimah and Fujairah, under a contract awarded to the Dusseldorf-based Dodsal company.

EGPC will be paying Amoco $3.50 per million BTUs for the supply of dry gas, under a contract signed in London.

There are other identifiable customers in sight for Sharjah's gas. Abu Dhabi is currently experiencing gas shortages because of lowered crude production, and appears reluctant to embark on the development of known unasssociated gas. Oil executives in Sharjah say that some talks have already taken place between the two emirates concerning the possible supply of Sajaa gas to the Gasco plant in Ruweis, but this is not confirmed officially in Abu Dhabi.

Dubai, too, is experiencing gas shortages, but because of strained relations between the emirate and its neighbour, future links look unlikely.

At the moment EGPC is in the throes of linking Sajaa gas to Sharjah's own power stations—which at present run on subsidised fuel oil supplied by EGPC. It is not yet clear whether Abu Dhabi will continue to subsidise the emirate's power supplies when Sharjah begins using its own gas. The issue of underwriting the state's electricity supplies has long been a sensitive one between Sharjah and Abu Dhabi, for the Sharjah ruler has for some years urged the federation to pay the capital cost of its power stations. If such payments did come through, it would considerably ease the debt burden of the emirate.

Many local observers see a link between the sensitivity felt over this issue and Sharjah's reluctance to service Eurodollar loans guaranteed by Abu Dhabi. There are two such loans outstanding, one from BAII and another lead managed by the National Bank of Abu Dhabi. So far Abu Dhabi has been paying up on both.

One project shortly to be implemented is the emirate's LPG plant, which will take 450m cu ft of wet gas from Sajaa. Such is Sharjah's financial situation, that the emirate is looking to suppliers' credits to finance this project completely.

Financial package

There is at present a short-list of three bidding groups—Snamprogetti with Total, Voest Alpine of Austria together with Kloeckner and Linde of West Germany, and C. Itoh and Japan Gas. Amoco, the field's operator is also submitting a bid. The contract will be awarded to the bidders putting forward the most advantageous financial package.

The Government of Sharjah is expected to take a 60 per cent holding in the plant with the remaining equity to be paid by contractors and perhaps eventual buyers of the LPG. The contractors are also responsible for the marketing of the final product.

After meeting the requirements of the power station and the LPG plant there will remain a surplus of about 100m cu ft a day of dry gas. Various ideas are now emerging about how this gas might be used. One project being talked of by CdF Chemie is a urea or ammonia plant, and there is also discussion among several UK companies about the potential of a methanol plant. First, however, the exact size of the field will have to be determined, for the Sajae field is by no means e bumper-sized find.

Amoco is continuing exploration for further hydrocarbons. Three rigs are currently et work near the Sajaa field, and another to the south. However, when Amoco recently staked out seismic crews near to the Sharjah border with Dubai, it ran into trouble.

The border between Dubai and Sharjah was the subject of a long-standing dispute until e panel of judges adjudicated its exact location. The document was subsequently signed by both rulers, and the matter was considered all but settled until the day Amoco sent in its crews near to the Margham field.

The Margham field contains both gas and oil, and could, it is believed, pump about 80,000 b/d when in full production. The field straddles the border, though the largest part is in Dubai territory. When Amoco geologists appeared on the Sharjah side last spring, they were promptly arrested by Dubai police and their equipment confiscated. There were even reports of tanks being sent into the disputed area by the Dubai forces.

Sharjah does not appear to have given up a claim to part of the field. The Ruler is now said to be working quietly through Abu Dhabi circles, and Dubai is reported to have accepted the principle of talking to Sharjah about it. Certainly relations between the Ruler of Sharjah and Mohammad bin Rashid, who supervises Dubai's security, are now much better than they were.

Even without the Margham field, Sharjah's finances look brighter in the immediate future. Two years ago, the emirate's debts had reached a high of about $1bn, but the Ruler is now said to be paying them off at a rate of about $120m a year. But with the increase of oil and gas production, the pace is going to pick up considerably.

Contractors' debts

Sharjah's debts are now considered to be around $750m. Of this some $300m is owed to local banks, a further $89m to contractors and about $260m to $300m to foreign banks. The debts on Eurodollar syndications exclude the loans guaranteed by Abu Dhabi and the figure for contractors' debts does not include money owed to an Italian contractor for work done on the Layyah power station. The Italian company has recently agreed to a rescheduling of its debts over a nine-year period, before embarking on further work.

On the income side, Sharjah has about $15m a year from its share of the old Abu Musa field offshore, and is expected to earn some $160m a year from present output rates on its condensate production. When output goes up to 55,000 b/d next year, this will increase to around $320m. When the pipelines are connected to Ras al Khaimah and Fujairah, gas income is expected to rise to between $55m to $70m from the second half of next year.

Altogether, next year's hydrocarbon income is expected to work out at just over $400m, rising in 1985 and thereafter to $600m yearly.

Local bankers are hoping that the Ruler will not be tempted to go in for any substantial projects during this time of repayment. The current Sharjah budget is Dh 450m of which Dh 200m is financed by revenues from the port, customs and the airport. Although there are no major projects on the drawing board, banks would prefer to see a low level of expenditure over the next two years. "We would like to see him hold back for at least another year," said one prominent Sharjah banker.

Nevertheless, income projections would look far brighter given a guarantee of continuity on the subsidies for power supplies.

Terry Kirk

The commercial centre with Sharjah's new souk in the foreground. The office and apartment blocks built in the boom years of the 1970s are now reasonably full after remaining empty for a long time

Boorj Avenue, Sharjah's financial street. The emirate is burdened with debts but attracts companies as a low-cost business base in the northern states.

UNITED ARAB EMIRATES VI

RULERS AND DEPUTY RULERS OF THE UNITED ARAB EMIRATES

(Rulers are Members of Supreme Council)

ABU DHABI:
Roler: Sheikh Zayed bin Sultan al Nahayan.
Deputy Ruler and Crown Prince: Sheikh Khalifa bin Zayed al Nahayan.

DUBAI:
Ruler: Sheikh Rashid bin Said al Maktoum.
Deputy Ruler and Crown Prince: Sheikh Maktoum bin Rashid al Maktoum.

SHARJAH:
Ruler: Sheikh Sultan bin Muhammad al Qasimi.
Deputy Ruler: Sheikh Saqr bin Muhammad al Qasimi.

RAS AL KHAIMAH:
Ruler: Sheikh Saqr bin Muhammad al Qasimi.
Deputy Ruler and Crown Prince: Sheikh Khalid bin Saqr al Qasimi.

AJMAN:
Ruler: Sheikh Humaid bin Rashid al Na'imi.

FUJAIRAH:
Ruler: Sheikh Hamad bin Muhammad al Sharqi.
Deputy Ruler: Sheikh Hamad bin Saif al Sharqi.

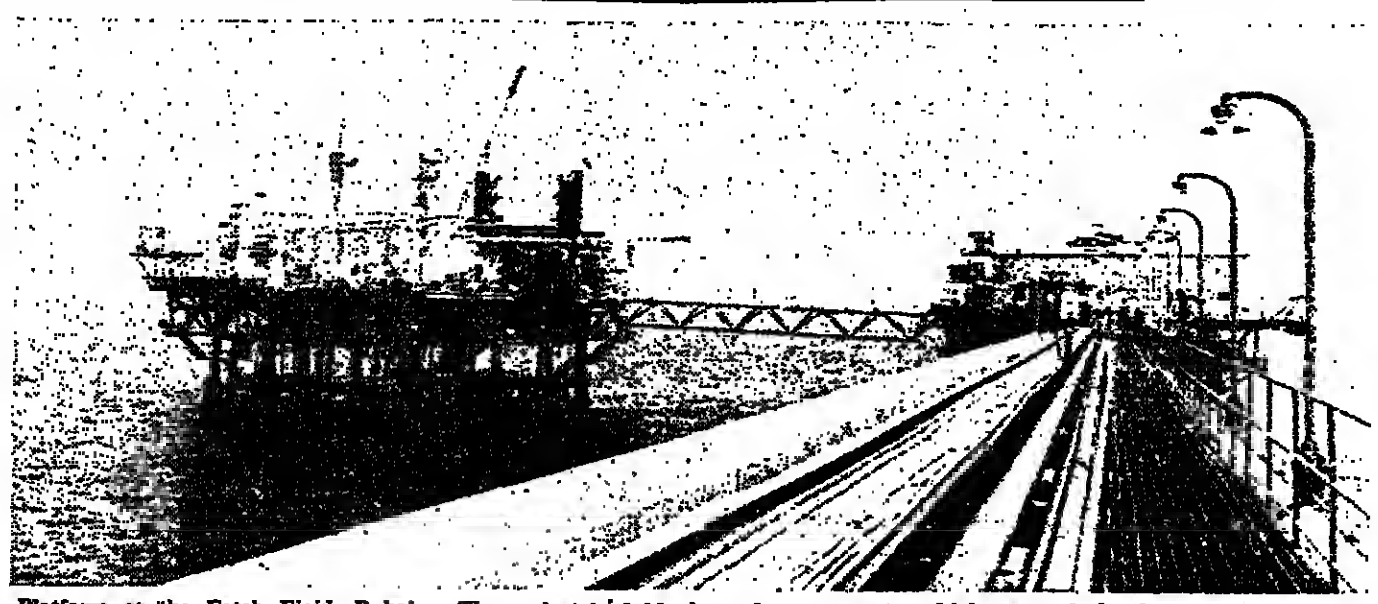
UMM AL QAIWAIN:
Ruler: Sheikh Rashid bin Ahmad al Mu'alla.
Depnty Ruler: Sheikh Saud bin Rashid al Mu'alla.

Sheikh Zayed, UAE President and Ruler of Abu Dhabi. He is anxious to give his people all possible welfare benefits and is gaining a reputation as a mediator in inter-Arab disputes.

Federal government of the UAE

Head of State: President Sheikh Zayed bin Sultan al Nahayan. Ruler of Abu Dhabi.
Vice-President and Prime Minister: Sheikh Rashid bin Said al Maktoum, Ruler of Dubai.
First Deputy Prime Minister: Sheikh Maktoum bin Rashid al Maktoum.
Second Depnty Prime Minister: Sheikh Hamdan bin Mohammed al Nahayan.
Finance and Industry: Sheikh Hamdan bin Rashid al Maktoum.
Interior: Sheikh Mubarak bin Mohammed al Nahayan.
Defence: Sheikh Mohammed bin Rashid al Maktoum.
Economy and Trade: *Saif Ali Jarwan.*
Information and Culture: Sheikh Ahmed bin Hamed.
Communications: Mohammed Said al Mualla.
Public Works and Housing: Mohammed Khalifa al Kindi.
Education and Youth: Fraj Fadhil al Mazrouie.
Petroleum and Mineral Resources: Dr Mana Said al Oteiba.
Electricity and Water: Humaid Nasser al Owais.
Justice: Abdullah Humaid al Mazrouie.
Public Health: Abdul Rahman al Madfa.
Agriculture and Fisheries: Said Mohammed al Ragabani.
Planning: Vacant.
Labour and Social Affairs: Khalfan al Roumi.
Islamic Affairs and Awqaf: Sheikh Mohammed bin Hassan al Khazraji.

MINISTERS OF STATE
Finance: Ahmed Humaid al Tayer.
***Internal Affairs:** Hamouda* bin Ali Dbalri.
Cabinet Affairs: Said al Ghaith.
Supreme Council Affairs: Sheikh Abdul Aziz bin Humaid al Qassimi.
Foreign Affairs: Rashid Abdullah al Nuaimi.
Without Portfolio: Sheikh Ahmed bin Sultan al Qassimi.

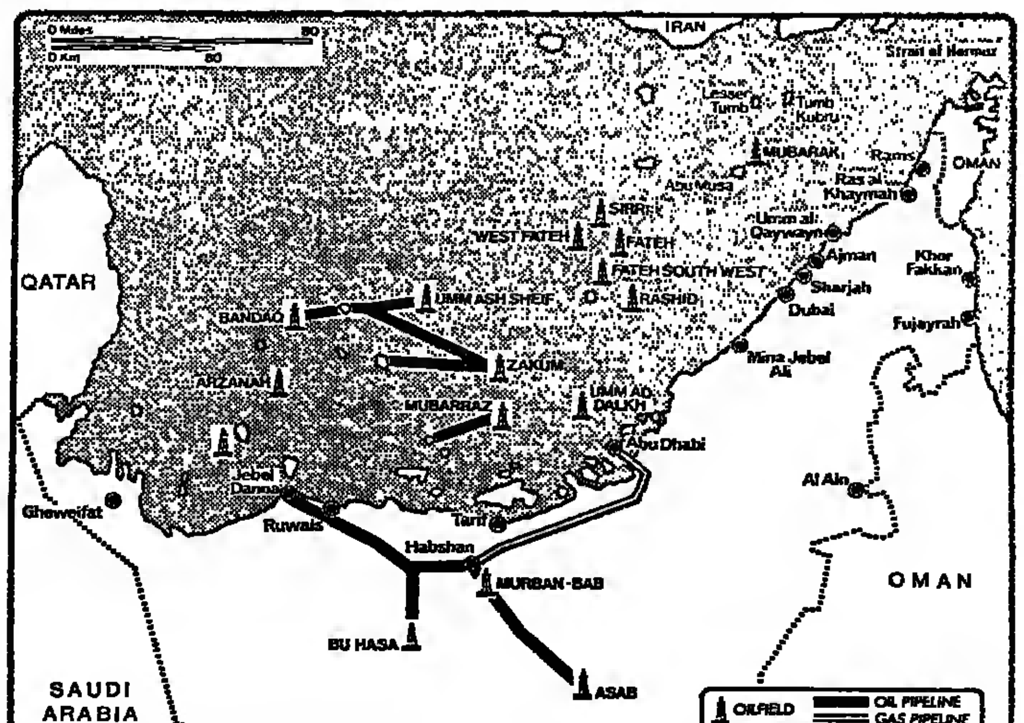


Platform at the Fateh Field, Dubai. The emirate's fields have been run at a high rate of development and output could be about to decline.

Lower revenue forces cut

Oil

STEPHANIE GRAY



DESPITE THE increasing possibility of Iran fulfilling its threat to sbut the Strait of Hormuz, it was rather the prospect of thousands of redundancies among foreign workers, brought about by cuts in government spending, that had the UAE oil community excited earlier this month.

Construction projects have all but been completed and building workers sent bome. The Government is moving to pare an overloaded bureaucracy within its departments and companies and UAE nationals are beginning to replace senior management personnel.

The jobs squeeze, though difficult to define, is being felt across the board. As a talking point, the problem has eclipsed speculation about the level of supposedly secret oil production in the emirates and the dubious nature of grandiose development of complicated oil fields.

It is an emotional issue, especially for bundreds of Palestinians on invalid Lebanese travel documents and Syrians out of favour with the party in Damascus. But it is dismissed by UAE officials as a predictable response to a 30 per cent reduction in oil revenue and production cuts in line with the federation's Opec quota of 1.1m b/d.

There is debate about wbether the quota is being adhered to. Abu Dhabi and Dubai, whicb does not recognise the authority of the UAE Ministry of Oil, exchange allegations on output. Officially Abu Dbabl is allotted 800,000 b/d and Dubai about 300,000 b/d. A trifling 7,000 b/d is accounted for by a small field in Sharjah.

It is believed Abu Dbabi production could be about 900,000 b/d and Dubai's 350,000 b/d thougb it would be bard for anyone to admit them given that Mr Mana Said al Otaiba, the UAE Oil Minister, is cbairman of the Opec monitoring committee.

Abu Dbabi's production is made up from three main sources. First, some 200,000 b/d from the offshore Umm Shaif and Lower Zakum fields, old-established operations run by the Abu Dhabi Marine Areas Operating Company (Adma-Opco) owned by the national oil company, Adnoc, with 60 per cent, BP, Compagnie Francais des Petroles and Japan Oil Development (Jodco).

A further 500,000 b/d comes from the Abu Dhabi Company for Onsbore Oil Operations (Adco), again owned 60 per cent by Adnoc with BP, Sheil, CFP, Exxon, Mobil and Gulbenkian interests.

Adco's production is accounted for by major fields at Bu Hasa, Asab and Bab, Its relatively small Sahil field has been closed, and a fifth producing field, the Shah structure south of Asab has yet to come on stream.

Four minor offsbore fields, Mubarraz, Arzana, Bunduq and Abu al Bukhoosh, produced an extra 100,000 b/d.

To the total has to be added about 35,000 b/d from the newly-opened Upper Zakum field, owned 88 per cent by Adnoc and 12 per cent by Jodco and operated by CFP, BP baving withdrawn early on. The field started producing in June this vear and bas caused much soul-searching and controversy. The stratum is thought to have anything from 40bn to 60bn barrels of oil but recoverable reserves are estimated at only about 30 per cent.

Indications of a glut

Tha project, devised in the beady days of the 1970s, went ahead despite clear indications of a world oil glut. It has cost aboul $5bn to develop and, because of low pressure, porosity and permeability, has been described as a "miserable" reservoir and a white elephant.

Even with water injection, it is unlikely that the average Upper Zakum well will produce more than a lenth of the oil that Umm Shaif and Lower Zakum wells produce. The costs per barrel are similar to those of extracting oil from tbe North Sea.

There are doubts too about the quality of tbe crude which is selling at $28 a barrel to compensate for a high sulpbur content and prompting possibly unfair suggestions of price undercutting.

Dr Mahmoud Hamra Krouha, the Algerian general manager of Adnoc, is used to criticism about development of a field which will simply not be needed by Abu Dbabi in the market conditions foreseeable in the next balf decade.

The official position remains that Upper Zakum is an investment for the future, but Dr Krouha does admit that Adnoc has made some mistakes. He says quite rightly, however, that the company, which has only been in existence since 1974, compares favourably with other new national oil companies—in Venezuela and Mexico for instance.

One possible mistake is being investigated at the moment by a task force put together by foreign operatora at the Bu Hasa field. The operators complain that an elaborate water injection scheme threatens—over the long term—to block the well.

Adnoc has an uneasy relationship with the foreign companies who feel there is too much interference and wbo complain about the standards of expertise. But foreign operators are generally welcomed in the UAE and have stepped up local representation to show long-term interest.

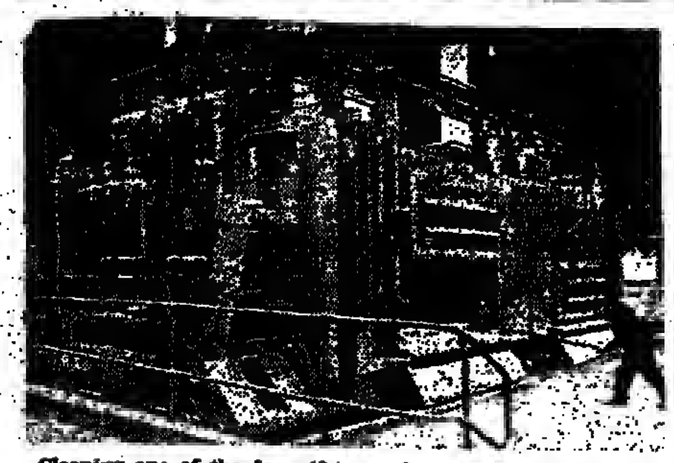
Foreign interest has recently centred on Dubai, partly in reaction to Atlantic Richfield's discovery in 1982 of the emirate's first commercial on-shore field, the Margham field, which is scheduled to come on stream by early 1985 with production estimated to peak eventually at 75,000 b/d.

Dubai's production at present comes from a group of four fields off the emirate's coast. They are operated by Conoco under an unpublished agreement of 1976 and, as they were run at as high a rate as possible early in their development, it is felt their output must be about to decline.

The Margham find prompted Sheikh Rashid, the Ruler of Dubai, to license all unallocated acreage and nine concessions have been announced in the past 12 months. The results of seismic and other surveys have so far been good.

Despite the gloomy forecasts for a pick-up in world oil demand, exploration goes on throughout the emirates at a steady pace, if only for the purposes of the Government's inventory. The activity is centred mainly on structures near to existing fields and apart from the Margham find, no major discoveries have been made.

If the prospects do not look too bright for the near future, the UAE's estimated reserves of about 33bn barrels are sure to secure the country's long-term prosperity.



Cleaning one of the four 40-tonne furnaces in the casthouse of the Dubai aluminium plant.

The major industries

Summary of the major UAE industries, which range from refineries and their by-products such as liquefied gases to ship repairs and aluminium smelting.

Compiled by STEPHANIE GRAY

RUWAIS REFINERY

Ownership and construction: Owned 100 per cent by ADNOC; regarded as part of the national company. Construction by Snamprogetti on cost-plus contract. In June, 1982, Snamprogetti signed contract for hydrocracker to be completed by 1985. Main refinery on stream June 1981 at a cost of $600m.
Raw materials: Takes Murban crude blend from onshore fields. Could process offshore crude.
Payment for raw materials: No payment is made when crude is fed into refinery.
Capacity and products: 120,000 b/d. Scheme to expand capacity to 305,000 b/d shelved. At present processing 57,000 b/d.
Marketing: Sales made by marketing division of ADNOC. Fifty-nine per cent of 1982 production sold on domestic market. The rest is exported, mostly under short-term contracts.
Pricing of output: Pump prices on domestic market were almost doubled earlier this year to Dh 4.9 a gallon, bringing them closer into line with prices charged in the U.S. and Europe. Exports sold at world market rates.
Government income: Revenue from product sales is treated as part of ADNOC's general oil sales income, mainly transferred to the Abu Dhabi Finance Department.

FERTIL

(Ruwais Fertiliser Industries)

Ownership and construction: Owned by ADNOC 66⅔ per cent, CFP 33⅓ per cent. Construction of plant completed July 1983. Loading terminal completed August 1983. Construction by Chiyoda and Mitsubishi under turnkey contract.
On stream November 1983.
Cost estimated at $350m.
Raw materials: Gas feedstock and fuel from ADNOC's methane system which originates at the GASCO extraction plants on the onshore oil fields.
Payment for raw materials: Gas provided free.
Capacity and products: 1,000 tonnes a day of liquid anhydrous ammonia of which 100 tonnes a day will be sold as ammonia liquid and the remainder used to produce 1,500 tonnes a day of urea.
Marketing: Marketing is done by FERTIL with support from CFP. Most of the production is destined for the Indian market. More than half the output is already committed on long-term contracts with India, Japan, and neighbouring Gulf countries. Negotiations for sales to China are under way.

Fertil expects to sell 10,000 tonnes of urea locally each year, 5,500 going to the Abu Dhabi Department of Agriculture. The UAE now has 26,000 hectares under cultivation—up from 2,500 in 1969—and has become a net exporter of tomatoes. Local product will replace imports from Qatar and Europe.
Pricing of output: Prices will be determined by those prevailing on the world market. They are very low at present with urea at $140 a tonne and ammonia at $170.
Government income: ADNOC and CFP will pay tax to the Government on profits.

DUGAS

(Dubai National Gas Company)

Ownership and Construction: Owned entirely by the Dubai Government. Operated by Scimitar Oil, a Canadian-owned company, under a long-term contract incorporating a performance-related fee. Construction by McDermott International.
On stream April 1980.
Cost $500m, financed entirely by loans guaranteed by the Ruler of Dubai.
Raw materials: Associated gas from Fatah and South West Fatah fields offshore plus unassociated gas from condensate reservoir below offshore Rashid field. Condensate reservoir gives flexibility which enables plant to keep running at capacity in event of drop of up to 20,000 b/d in oil production—below about 365,000 b/d.
Production separated offshore into a liquid and a gas and pumped to fractionation plant at Jebel Ali.
Payment for raw materials: Gas provided free. Transfers all methane to DUBAL without charge.
Capacity and products: Designed capacity 20,000 b/d in total of propane, butane and heavier NGLs plus 70m cubic feet a day of dry gas (methane). All operating at capacity.
Marketing: Marketed by Scimitar. Minor quantities sold to Dubai Gas Bottling Co. All other propane, butane, and NGLs to C. Itoh under five-year contracts for propane and butane and four-year contracts for NGLs.
Pricing of output: Negotiated price formula which takes account of prevailing market prices. C. Itoh pays shipping costs.
Government income: Operating costs and payment of interest and principal on loans at present absorb 75 per cent of revenues at full capacity operating level. Balance, estimated at $60m, paid to Government of Dubai.

UMM AL NAR REFINERY

Ownership and construction: Owned entirely by ADNOC and regarded as part of the national company. (Name of refinery means "Mother of Fire.") Original plant completed in 1978. Expansion, managed by Pullman Kellog on cost-plus basis, was completed in mid-1983. Cost of expansion estimated at $220m.
Raw materials: Takes crude from Asab and Bab fields.
Payment for raw materials: No payment is made when crude is fed into the refinery.
Capacity: Original capacity 15,000 b/d. Expansion to 75,000 b/d completed in June this year. Still at commissioning stage and running at about 80 per cent capacity. Unlikely to operate at more than 85 per cent next month when test runs are completed because of surplus on domestic market.
Marketing: Output distributed by ADNOC-FOD (Abu Dhabi National Oil Company for Distribution).
Government income: Income treated as part of ADNOC's general revenues which are mainly transferred to the Abu Dhabi Finance Department.

DUBAI DRY DOCKS

Ownership and construction: Owned entirely by Dubai Government. Operated by A & P Appledore of Britain. Built by Costain and Taylor Woodrow in a joint venture. Operations started in May this year though complex had been completed three years earlier. The delay was caused by indecision over choice of an operator and led to considerable embarrassment and maintenance costs. Cost of the entire project is a secret; a figure of $400m has been mentioned but is thought to be conservative.
Capacity: One of biggest yards in the world. Consists of three docks of ULCC (ultra large crude carrier) size—370m x 66m, 525m x 100m and 415m x 80m. Wet berths have total length of 2,900m. Fully-equipped machine shop, plate and pipe shops, riggers', electricians' and joiners' shops. Able to carry out maintenance and repairs of ships of any size as well as all types of rigs, platforms and barges.
Average turnround time, six to seven days. Workforce of 500-600 can be extended to 3,000 when necessary.
Marketing and prices: A and P Appledore responsible for attracting customers in a market that has seen a long recession, massive world over-capacity and cut-throat competition from Korean, Japanese and Singaporean yards. Dubai prices (ranging from $10,000 to $1m) run at least 20 per cent higher than Korean prices. The Iran-Iraq war and cuts in oil production have further restricted the Dubai Drydocks' business opportunities. On ending of the war, the operators expect to attract large numbers of ships that have been tied up for up to six months at Bandar Abbas. (Lloyd's estimates there are up to 70 ships at anchor at the port at any one time.)
Despite the constraints, the docks, which had been in danger of becoming a white elephant, handled 85 ships in the first five months of operation—a much higher turnover than had been expected.
Government income: Dubai Government is forecasting profits after two years in operation. Appledore expects to beat the target date if present conditions prevail. The yards are not burdened with debt but would need to borrow if extra equipment was needed. When the yards do start making a profit, Appledore will take an undisclosed percentage described only as "small."

GASCO

(Abu Dhabi Gas Industries)

Ownership and construction: Owned by ADNOC 68 per cent, Shell 15 per cent, CFP 15 per cent and Partex 2 per cent.
Construction managed by Bechtel and Fluor.
On stream September 1981. Cost $2.1bn.
Raw materials: From three onshore oil fields—Bab, Bu Hasa and Asab. Extraction plants at fields remove associated gas from oil, separate methane (which is put into ADNOC gas system for utilities) and pipe liquids to fractionation and export plant at Ruwais.
Payment for raw materials: Takes gas free. Transfers methane to ADNOC without charge.
Capacity and products: Ruwais designed capacity: propane 24,000 b/d, butane 28,000 b/d, heavier NGLs 42,000 b/d. Plant still running at half capacity.
Marketing: Done by individual shareholders. Shell and CFP sell own shares of output. ADNOC markets own and Partex's share. Most propane and butane sold to Japanese under medium-term (about five years) contracts. Heavier NGLs used as light oil product in shareholders' own product marketing systems or sold on open market.
Pricing of output: sold in ADNOC contracts at going market rates, recently $225 per tonne for propane and $250 for butane, down $3 and $8 respectively on last year. Shell and CFP sell at similar prices.
Government income: ADNOC, Shell and CFP have five-year tax holiday. Thereafter all three will pay tax to Government on profits and will make supplementary payments beyond a certain level. At present throughput, shareholders are roughly breaking even. Operating costs include quite heavy loan service charges.

ADGAS

(Abu Dhabi Gas Industries)

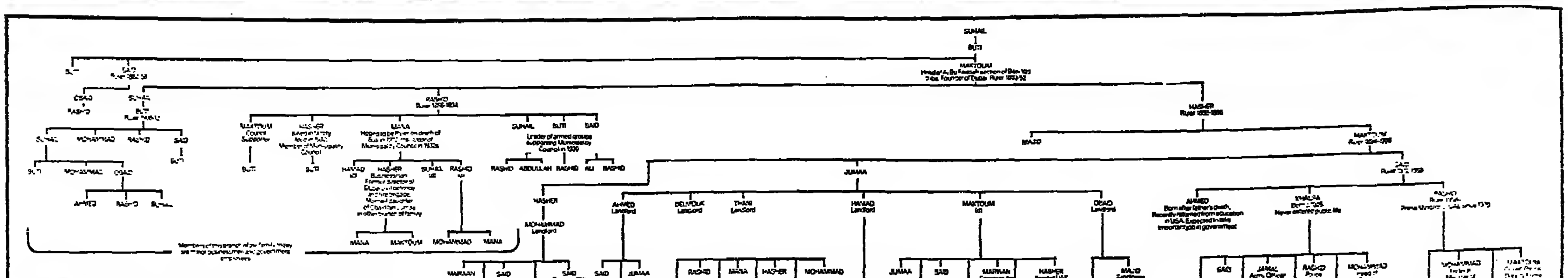
Ownership and construction: Owned by ADNOC 51 per cent, Mitsui and Mitsui Liquefied Gas 34½ per cent, BP 16⅓ per cent, CFP 8⅓ per cent.
Construction by Bechtel and Chiyoda.
On stream 1977 after 10 years' planning.
Cost $500m. Would now cost more than $1.5bn. (Figures exclude cost of LNG tankers.)
Raw materials: Associated gas from offshore oil fields—Umm Shaif, Zakum, Bunduq—and, when necessary from Umm Shaif gas cap. Gas delivered to Das Island.
Capacity and products: Designed capacity: LNG (liquefied methane) 2.3m tonnes a year; propane 13,000 b/d; butane 8,400 b/d; heavier NGLs 4,400 b/d.
LNG production at capacity because it is drawing significantly on cap gas. Restricted availability of associated gas kept total LPG production down to 10,000 b/d and output of heavier NGLs at 3,400 b/d.
Marketing: ADGAS sells own products. All LNG and LPG sold to Tokyo Electric Power Co. NGLs sold on open market.
Pricing of output: LNG and LPG priced as follows: Government selling price of onshore crude plus oil freight to Japan in dollar per barrel, converted into dollar per BTU, multiplied by BTU content of tonne or barrel of product. ADGAS pays all shipping charges.
Government income: Five-year tax holiday ended. Loans amounting to $450m repaid. Profits partly retained. Part go to Government as gas payment (which can be quite big and is separate from the gas fee mentioned above). Government takes tax cut also. Shareholders then receive dividends.

DUBAL

(Dubal Aluminium Company)

Ownership and construction: Owned entirely by Dubai Government. Main plant built by British Smelter Constructions. On stream November 1979. Full production, October 1982. Cost $1.4bn of which half for smelter and half for power station and desalination plant.
Raw materials: Alumina from Western Australia. Dry gas (methane) from DUGAS, mainly for generating electricity, and supplemented when necessary by distillate fuel from Emirates General Petroleum Corporation.
Payments for raw materials: Alumina bought at market prices. Gas provided free by DUGAS. DUBAL would have to pay Government for gas if it paid less than $5m a year for distillate fuel to supplement gas supplies. Still pays more than $5m a year.
Electricity: Up to 100 Mw can be taken from or supplied to the Dubai Electricity Company via a two-way tie-in. If DUGAS takes electricity from the grid, it pays DEC.
Capacity and Products: Aluminium production: designed capacity 135,000 tonnes a year. Now producing 150,000 tonnes a year of high purity metal, of which 60,000 tonnes is premium quality extrusion billet. Billet output set to increase to 80,000 tonnes per annum next year.
Power station capacity 515 Mw. Desalinated water plant has installed capacity or 30m gallons a day and operates at 25m gallons a day.
Marketing: Aluminium: sold by DUBAL mostly on spot market. Some sold under short-term contracts. Main markets: Japan, India, Middle East, Far East and U.S. company has not stockpiled so far, but may do so in any future price recession. At present, all output is sold so that company is able to meet undertaking to Government that DUBAL's operating costs (less than $1,000 per tonne) will be met from its metal income.
Electricity: Most used by smelter, some to desalination plant and small amount to outside concerns like DUGAS.
Water: Supplied to Dubai Water Department.
Pricing of output: When sales began in 1979 LME price was $1,950 per tonne for ordinary remelt ingot. By December last year, price had fallen to less than $1,000 at which few, if any, smelters could operate profitably. LME price now recovered to $1,600 a tonne and has remained steady for some time.

DUBAL hopes for further price increases in 1984.
Water: Average 23m gallons a day supplied to Dubai Water Department through summer. Payment by the department has been under discussion for more than a year.
Government income: Company is still not making a profit. Strict controls are maintained to hold metal operating cost at below $1,000 a tonne. Dubai Government is helping to service loans in recognition of infrastructure component and as deferred contribution of equity designed to give the smelter a debt: equity ratio appropriate to the international primary aluminium industry.



FAMILY TREE OF MAKTOUM FAMILY —RULERS OF DUBAI

(Eldest brothers on right—table translated from Arabic)

A serious split in the Maktoum family occurred in the 1930s, when Mana bin Rashid of the junior branch of the family promoted a Municipality Council, which curbed the power of the Ruler, Shaikh Said bin Maktoum, and took most of his revenues. Mana was certainly idealistic but some of his brothers and supporters were violent and greedy.

Opposition to the Council was led by Rashid bin Said, who became Ruler in 1958. The two sides engaged in serious gang warfare, with Rashid's party on the Dubai (southern) side of the creek and the Council party on the Deira side.

Eventually the Council supporters were defeated and fled to Sharjah and Abu Dhabi, though most of them have now returned to Dubai.

The branch of the Maktoum family that was associated with the Council now has few members who are important in business or government, though all of its members retain the title of shaikh.

Maktoum Family: anxieties over succession ease

FOR THE PAST three years Sheikh Rashid bin Said al Maktoum, the Ruler of Dubai since 1958, has been seriously ill.

He has had a series of strokes and is always heavily sedated. He still goes into his *majlis* (council chamber) on most days. People greet him and treat him formally as the Ruler, but they talk around him.

Rashid is not involved at all in decision making, which is what his four sons, Maktoum, Hamdan, Mohammed and Ahmed intend. They fear that if he were to come off his drugs he would work and the strain would kill him. As it is he may die tomorrow or he may continue in his present state for several years.

Twelve months ago there was some debate about which of his sons might succeed Sheikh Rashid and much more discussion about what the actual division of authority would be between them. This did not mean that people feared that the sons would quarrel. They have always enjoyed good relations with each other and are bound together by their having had the same mother, which normally promotes unity among brothers in Arabia. (Sheikh Rashid only ever had one wife, Shaikha Latifa bint Hamdan al Nahayyan—a daughter of the man who ruled Abu Dhabi from 1912 to 1922. She died in the spring of this year.)

It now seems that diplomatic and business communities' anxieties over the division of power among the sons were unnecessary. The sons themselves and the friends and advisers around them seem to take it for granted that the eldest, Maktoum, will succeed as Ruler of Dubai and will be pressed into taking over the premiership of the Federation, however unenthusiastic he may be about the job.

Sphere of influence

The other brothers will continue in more or less the roles they have now, and Mohammad, the most energetic and decisive of them, will gradually expand his sphere of influence.

The question that remains concerns that style of the government that will succeed Sheikh Rashid. People wonder whether it will change when the sons have *de jure* power or whether it will remain in the slightly unsatisfactory state in which it is now.

Rashid's sons have always spent much of their time outside the country. Sheikh Ahmed has been in Britain since May this year—not on any specific government business but receiving and calling on friends and living the pleasant, leisured life of a member of the Arabian upper classes. In particular he has been looking after his family's racing interests.

Racing has been a major preoccupation of all the beni Rashid since they began buying horses four or five years ago. Between them the brothers now have a stable of about 250. They own, train and run most of their horses individually, though they regularly buy on each other's behalf.

In the flat season recently finished in Britain the beni Rashid had more winners than any other owner, though they were not quite top of the prize money league.

The most disadvantageous aspect of the beni Rashid's racing from the point of view of Dubai is the time it involves the sheikhs spending away from home. One of the reasons for the present *malaise* of the state, as seen by the merchant community, is that the brothers are much slower in taking decisions than their father used to be. This applies both to projects—the extension of the airport, sewerage system and desalination capacity being particularly pressing—and to more general issues, such as implementation of the new agency law.

There is also a widespread feeling that the people with whom the sons have surrounded themselves are not as good as those who attended Sheikh Rashid. The old ruler used to encourage his friends to speak their minds in his *majlis* and protected them if their views were unpopular. He liked a large number of people with many different views to come and debate in front of him and he did not mind if their views were the opposite of their own. As one of his subjects expressed it recently, his *majlis* was always "hot with argument."

It is possible that comparisons with Sheikh Rashid are not fair to the ruler's sons at this time, when they may feel that they do not yet have full authority.

There is no doubt that in the past the elder brothers, Maktoum and Hamdan, were utterly dominated by the powerful personality of their father. Sheikh Rashid either ignored them or gave them orders as if they were minor officials. It never occurred to him to groom them for the succession as Sheikh Zayed in Abu Dhabi has groomed his eldest son, Khalifa.

The two younger brothers, Mohammad and Ahmed, inevitably were dominated less, because nobody expected them to take responsibility at too early an age. It is also suggested sometimes that Sheikh Rashid learnt better how to deal with his sons as he grew older.

The hope now is that when Sheikh Rashid dies his sons will suddenly acknowledge that they have real power, and feel able to act decisively.

Michael Field

Sheikh Maktoum

Eldest son and heir apparent of Sheikh Rashid, aged about 43. Deputy Prime Minister of the Federation (jointly with Sheikh Hamdan bin Mohammad al Nahayyan) and former Federal Prime Minister, from 1971 to 1979.

IT IS well known that Sheikh Maktoum has never been particularly interested in government, and is becoming less so. He is a quiet, retiring person. There is even some question as to whether he will succeed his father as Federal Prime Minister, a position which he held in the 1970s but relinquished to Sheikh Rashid in 1979, when it suddenly suited the Ruler of Dubai to become more closely involved in the union.

Most probably he will take over this job when the moment of decision arrives. There are alternative candidates, including Khalifa bin Zayed al Nahayyan and the Ruler of Umm al Qaiwain, but the appointment of any of them would be extremely contentious in Federal political terms. Equally important, his brothers will push Maktoum to accept the post, because it is felt that if Abu Dhabi has the presidency Dubai must have the premiership.

Sheikh Maktoum: quiet and retiring

Maktoum's rather forceful wife, Alia bint Khalifa bin Said (his first cousin), will argue on the same lines. It is said that she wants Maktoum to exercise power.

What is surprising is that nobody has much idea of how Maktoum will perform as Ruler and Federal Prime Minister. Like the other beni Rashid, he is much more an unknown quantity than one would expect the son of a ruler to be. Even senior members of the state's merchant community do not know him well.

Sheikh Hamdan: has a good mind

He has not had as good an education in a formal sense as his younger brothers. He also has stronger Arab nationalist leanings; he was a young man at the time that Nasser's power was at its height.

Maktoum's great assets are that he is very generous and kind, and well liked by the people of Dubai. Because he does not particularly enjoy seeing people he may take a long time to decide to receive somebody, but when he does he receives them with an open mind.

Sheikh Hamdan

Second son of Sheikh Rashid, aged about 38. UAE Minister of Finance and Industry and head of the Dubai Municipality.

SHEIKH HAMDAN is probably more able than is generally thought but he is not a quick decision maker. He is known to be thorough and to have a good mind when he has mastered the details of a subject.

His time is occupied more with Federal than with Dubai affairs, though, like his brothers, he spends much of the year outside the country.

For the merchants and people of Dubai the importance of Hamdan is that he manages the disbursement of the state's money. This is done mainly through the Municipality, which combines the functions of most of the spending ministries of other countries.

When Sheikh Rashid was still active he took all of the decisions on spending. Hamdan had been in charge of the Municipality for at least a decade but until two years ago his authority was limited. Now his power is potentially much greater.

UNITED ARAB EMIRATES IX

Merchants make art of brinkmanship

Sheikh Mohammad: oil responsibility

Third son of Sheikh Rahid, aged about 34. Federal Minister of Defence and head of the Department of Public Security in Dubai. In the last three years Shaikh Mohammad has informally assumed responsibility for Dubai's oil industry.

MOHAMMAD IS the most accessible and most able of Shaikh Rashid's sons, and the man who is most like his father. He is a halicopter pilot, a crack shot and one of the best judges of horse and camel flesh in Arabia.

At times Mohammad is unresponsive to visitors. More often he is articulate and decisive. He has his father's ability to make up his mind quickly — though quite often he has been known to take the wrong decision.

Sheikh Ahmed: Army officer

Youngest son of Sheikh Rashid, aged about 30. Commander of the UAE Central Military Command—Dubai's armed forces.

SHEIKH AHMED is a young, very amiable Army officer, who was trained at Mons and speaks excellent English. He looks impressive in uniform but apparently is not interested in military matters. The running of the Command he leaves to Ahmed and Buti bin Maktoum bin Jumaa, younger brothers of Shaikh Hasher, Dubai's shrewd and charming Director of Information.

THE RULER'S office in Dubai is a modest building, certainly by the standards of oil-rich sheikhdoms. Petitioners mill about in cool, dark corridors and a falcon blinks through the window from the balcony overlooking the creek.

Through some swing doors are the key Government departments where hospital-green paint peels from the walls and ancient air conditioners drip into bright plastic buckets. Big white boxes marked "complaints" are dotted about the place. The boxes are unlikely to be much in demand; grievances can be better aired face-to-face with the Ruler, or one of his sons, at a majlis further down the hallway.

These days, it is more often one of Sheikh Rashid's sons who is available to his people. The Ruler of Dubai and Prime Minister and Vice-President of the United Arab Emirates has retreated from the front line in recent years as his health has failed, and his succession has been the subject of great speculation and concern.

Sheikh Rashid is something of a local legend; a remarkable phenomenon combining tribal traditions and 20th century business ecumen. His rulership will be a hard act to follow. He made Dubai creek a flourishing port long before oil was discovered offshore in 1966, having taken trade from his neighbours and rivals in Sharjah who had allowed their harbour to silt up.

The strengths and weaknesses of Sheikh Rashid's successors remain relatively untried and there are complaints that tha four sons are unwilling to take decisions while their father is still nominally at the helm. The problem was most dramatically illustrated by delays in starting up the Dubai drydocks.

The docks one of the Sheikh Rashid'a favourite projects and by far the biggest yard in the region, were completed more than three years ago. It was clear that the Ruler's health played a major part in his inability to find an acceptable management company and it was sheer embarrassment that forced a decision out of Sheikh Mohammed bin Rashid in February this year. The yard finally started operating under the management of A. and P. Appledore, the British company, in May.

Local merchants worry about what they see as a vacuum at the top and a large question mark hanging over Dubai'a chances of holding on to its considerable clout within the federation.

Dubai has always been a

Sheikh Rashid: his role as Ruler of Dubai will be a hard act to follow

Dubai

STEPHANIE GRAY

slightly truculent member of the union. The port was a proper town with a history when Abu Dhabi was just e collection of mud huts. Until recently, it was also the only one of the six northern emirates to have discovered oil in commercial quantities and it is anxious to retain its significant political independence.

Sheikh Rashid refuses to recognise the authority of the federal Ministry of Oil, even though it represents the UAE at Opec. Oil production and revenue figures remain separate from UAE statistics. Officially, they are a secret, though a rather open one.

Reluctance to share oil cut

"One shouldn't ask what the production figures are," says one British adviser. "It's terribly rude — you could add them np and work out the revenue. It's like asking how much Sheikh Rashid has in his bank account."

Another explanation might be Dubai's relnctance to share the burden of cuts in line with the UAE's Opec quota of 1.1m b/d. Dubai's production has been little changed in the past few years at about 350,000 b/d.

With overall UAE oil revenues down by almost 40 per cent, there was a long argument earlier this year over Abu Dbabi's and Dubai's contributions to the federal budget, the first ever to have predicted a deficit.

Dubai's oil possibilities, which had appeared to have peaked with the four offshore fields worked at very high rates early in their development, bave picked up with the discovery by Atlantic Richfield of commercial quantities at the Margham field. Twenty-eight miles from the city, it is the first significant find onshore. The structure is scheduled to start producing 20,000 b/d next year, with output by 1986 at 75,000 b/d.

As a result of the Margham discovery, Dubai has been the centre of interest from other foreign companies and has very quickly licensed all unallotted acreage both on and offshore.

While Dubai has not been too badly affected by the oil glut, its entrepot trade, the other pillar of its economy, has recently been quiet.

Small-time merchants' talk of recession is, of course relative. Rather, they have been presented for the first time, with serious competition from Singapore and Taiwan, and, what with legislation requiring all agencies to be held by nationals and a significant decline in re-export trade to Iran (with a population of 39m it is Dubai's only mass market) hundreds of Asian traders have departed.

One senior businessman has noted a discernable shift of Asian operators to Uganda, though he is not sure that is where they came from originally. Others have gone to Zanzibar or back to their home towns in Pakistan and India.

Most of the Persian traders have stayed, in spite of the dramatic fall in business.

There was a time when dhows lined up six abreast in the creek, loaded so literally to the gunwhales with trucks and cars that motor-cycles had to be strung up the masts. The boom was particularly evident when the American hostages were taken in Tehran in late 1979.

Washington tried to squeeze the Iranian economy by imposing sanctions, and Dubai was the obvious middleman through which both tha Iranians and their potential suppliers could move goods.

The bubble burst when Ayatollah Khomeini's regime was reduced to near penury by falling oil revenues and the cost of the war with Iraq. Iranian imports plunged and Dubai merchants were left with huge stocks that were very expensive to keep.

In volume terms at least, trade with Iran has picked up over the last year, though it amounts to only 30 per cent of the business of the boom years. The dhows are more likely nowadays to be laden with pick-up trucks, tyres and spare parts than luxury items such as video tape recorders and cigarettes.

Re-exports to Iran in the first half of this year amounted to Db 252m ($75m) against only Db 89m in the first six months of 1982. The increase is due largely to a relaxation by the Tehran authorities of rules concerning the value of goods Iranians are allowed to bring into the country. Restrictions have been lifted on private sector imports of such items as spare parts and textiles, crockery and construction machinery.

Bargain basement prices

Some Iranian Government concerns, knowing full well that they have forced bargain basement prices on massively overstocked merchants, have started ordering tyres, air conditioners and vehicles in bulk.

It is unlikely, however, that Dubai will become Iran's major source of supply again. Tehran, committed to nationalising foreign trade, will eventually buy goods direct from the countries of origin.

"Next year, they'll be ready to deal direct with Yokohama," said the English manager of one major trader earlier this month.

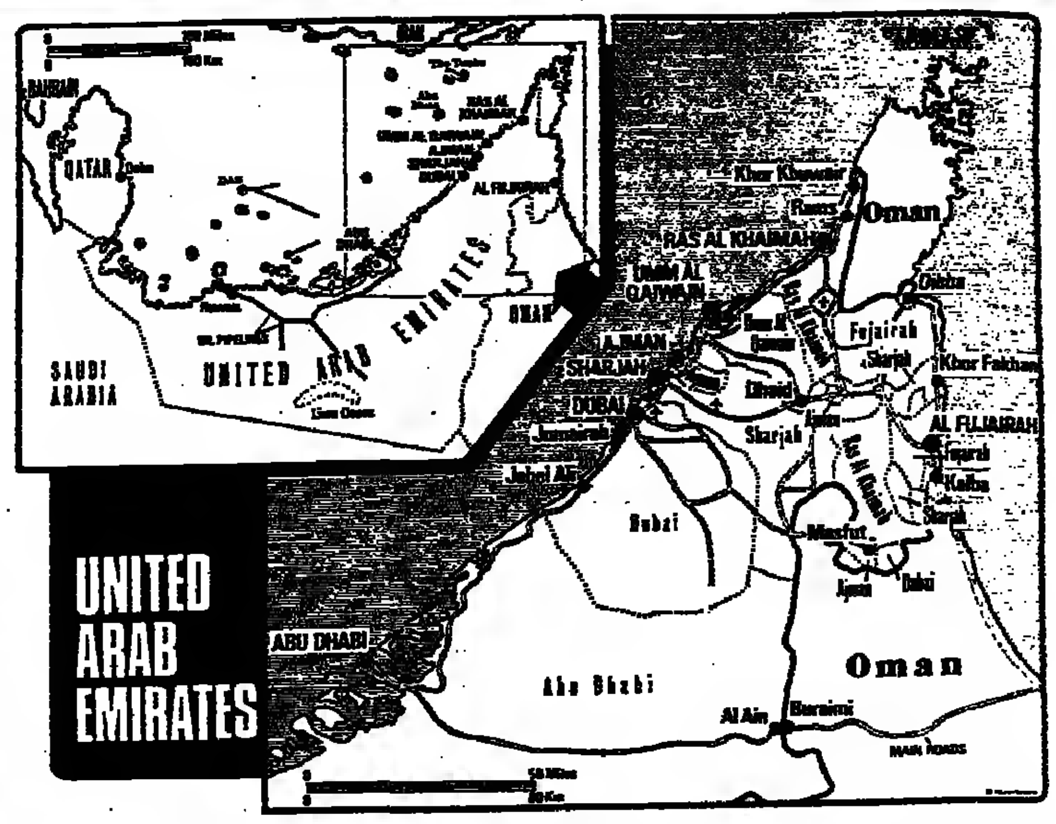
To take up the slack, new markets have been found in East and West Africa but they are very small by comparison. There has been a big increase in trade with Saudi Arabia and neighbouring Gulf countries, but Dubai still does little transit or re-export trade with Iraq.

The Gulf war has had its effects on Dubai, not least in forcing up insurance rates for shipping and keeping customers away from the new dry docks. But the main reason the emirate's economy has been static has been the fall-off in large projects being built, or even contemplated, in spite of the fact that Dubai is not short of money.

That is why imports have stayed still for the past three years at $5.3bn — a figure likely to be reproduced et the end of 1983.

A drop in confidence in what is the UAE's main seat of commerce, especially with banks still struggling under the burden of huge construction loans, is unlikely in the long term to seriously dent the emirate's general prosperity. After all, Dubai's merchants have made an art of brinkmanship.

Where to stay and other vital addresses



Climate

Summer: temperature up to 45 degrees C, humidity over 85 per cent. Winter: mild, temperature range 10 degrees C-20 degrees C. Rainfall: January-February, approximate annual average: 75 mm.

Time: GMT plus 4 hours.

Language

Official: Arabic. Commercial: English is frequently used.

Entry requirements

Passport: required by all except certain seamen.

Visa: required by all except nationals of certain neighbouring states, full-UK passport holders for short stay.

Prohibited entry: nationals or visa-holders of Israel and South Africa.

Health precautions

Mandatory: yellow fever within six days of visiting infected area; cholera within five days of travelling from infected area. Advisable: cholera, anti-malaria.

Diplomatic Missions Abroad

Algiers, Amman, Baghdad, Beirut, Bonn, Brussels, Dacca, Damascus, Islamabad, Jeddah, Khartoum, Kuwait City, London, Madrid, New Delhi, Paris, Rabat, Sana'a, Tehran, Tokyo, Tripoli, Tunis, Vienna, Washington.

Airlines

National airline: Gulf Air (jointly with Bahrain, Oman and Qatar).

Other airlines serving UAE: Air Djibouti, Air France, Air India, Air Lanka, Balkan, Biman, British Airways, British Caledonian, Cathay Pacific, CSA, Cyprus Airways, Egypt-Air, Ethiopian Airlines, Garuda, Iran Air, Iraqi Airways, JAL, JAT, Kenya Airways, KLM, Korean Airlines, Kuwait Airways, Lufthansa, MAS, MEA, Olympic Airways, Pan Am, PIA, Sabena, Saudia, SIA, Somali Airlines, Sudan Airways, Swissair, Syrian Arab Airlines, Tarom, Tunis Air, Turk Hava Yollari, Uganda Airlines, Yemenia.

International airports

Abu Dhabi International (Code: AUH). 19 km from city. Facilities: duty-free shop, buffet, bank, shops, bar.

Dubai International (Code DXB). 4 km from city. Facilities: duty-free shop, bar, buffet, bank, hotel reservations, post office, shops, car hire.

Sharjah International (Code: SHJ). 10 km from city. Facilities: duty-free shop, bar, buffet, restaurant, bank (restricted hours), hotel reservations.

Main ports

Mina Zayed (Abu Dhabi), Mina Rashid (Dubai), Mina Jebel Ali (Dubai), Mina Khalid (Sharjah), Khor Fakkan (Sharjah), Mina Saqr (Ras al-Khaimah).

Overland access

Possible from neighbouring countries, particularly by means of the Trans-Arabian Highway.

Hotels

In Abu Dhabi (including Al-Ain)

Abu Dhabi Hilton — PO Box 877 (Tel: 361900; Telex: 23321).

Al-Ain Hilton—PO Box 1333, Al-Ain (Tel: 341410; Telex 23505).

Al-Ain Inter-Continental — (Temporary numbers: Tel Al-Ain 43475; Telex: 34034).

Al-Ain Palace — PO Box 33 (Tel: 322377; Telex: 22227).

Holiday Inn — PO Box 3541 (Tel: 335335; Telex: 23030).

Inter-Continental — PO Box 4171 (Tel: 363777; Telex: 23160).

Khalidia Palace — PO Box 4010 (Tel: 362470; Telex: 22506).

Meridien—PO Box 6066 (Tel: 826666; Telex: 22233).

Ramada Abu Dhabi—PO Box 3766 (Tel: 377260; Telex: 22904).

Ramada Jabal Dhanna — PO Box 3786 (Tel: 71600; Telex: 23001).

Sheraton Abu Dhabi—PO Box 640 (Tel: 823333; Telex: 23453).

In Dubai

Airlines — PO Box 736 (Tel: 431555; Telex: c/o Ambassador Hotel).

Ambassador — PO Box 3226 (Tel: 431000; Telex: 45467).

Astoria — PO Box 457 (Tel: 434000; Telex: 45817).

Hotel Bristol — PO Box 1471, Deira (Tel: 224171; Telex: 45732).

Bustan — PO Box 1533 (Tel: 221261; Telex: 45460).

Carlton Tower—PO Box 1955 (Tel: 227111; Telex: 46410).

Claridge—PO Box 1833, Deira (Tel: 227141; Telex: 45875).

Dubai Hilton — PO Box 927 (Tel: 470000; Telex: 46670).

Dubai International—PO Box 10001 (Tel: 285111; Telex: 47333).

Dubai Metropolitan—PO Box 4988 (Tel: 440000; Telex: 46999).

Dubai Sheraton — PO Box 4250, Deira (Tel: 281111; Telex: 46710).

Excelsior — PO Box 3548, Deira (Tel: 665222; Telex: 46990).

Hatta Fort — PO Box 9277 (Tel: Hatta 23211; Telex: 47989).

Hyatt Regency & Galadari Galleria — PO Box 5588, Deira (Tel: 238000; Telex: 47555).

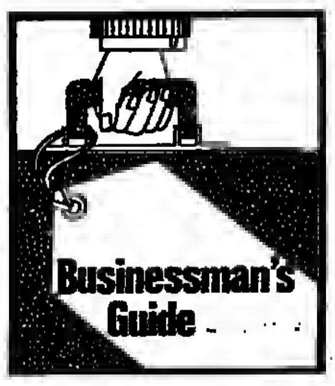
Inter-Continental — PO Box 476, Deira (Tel: 227171; Telex: 45779).

Jebel Ali—PO Box 9255 (Tel: 35252; Telex: 48000).

Oasis—PO Box 1556 (Tel: 225254; Telex: 45494).

Phoenicia — PO Box 4467, Deira (Tel: 227191; Telex: 45853).

Riviera—PO Box 1388, Deira (Tel: 222131; Telex: 46505).



In Sharjah

Airport—PO Box 2088 (Tel: 373500; Telex: 68566).

Beach—PO Box 5977 (Tel: 358311; Telex 68558).

Federal—PO Box 5143 (Tel: 354106; Telex 68189).

Holiday Inn — PO Box 5802 (Tel: 357357; Telex: 68305).

Holiday Inn, Khor Fakkan — PO Box 10444 (Tel: 85111; Telex: 89089).

Meridien—PO Box 6059 (Tel: 356557; Telex: 68204).

Novotel—PO Box 6015 (Tel: 356566; Telex: 68213).

Palace—PO Box 5734 (Tel: 353555; Telex: 68588).

Sands Motel—PO Box 5165 (Tel: 356310; Telex: 68300).

Sharjah Carlton — PO Box 1198 (Tel: 323711; Telex: 68012).

Sheba — PO Box 486 (Tel: 22522; Telex: 68053).

Summerlands Motel—PO Box 1083 (Tel: 354321; Telex: 68079).

In Ras al-Khaimah

Al-Nakheel — PO Box 5333 (Tel: 99281; Telex: 22822).

Ras al-Khaimah — PO Box 56 (Tel: 28251; Telex: 99113).

Ras al-Khaimah Inter-Continental

In Umm al-Qaiwain

Umm al-Qaiwain — PO Box 216 (Tel: 666647; Telex: 47472).

In Fujairah

Fujairah Beach—PO Box 283 (Tel: 22001; Telex 89013).

Fujairah Hilton—PO Box 231 (Tel: 22411; Telex: 89018).

In Ajman

Ajman Beach — PO Box 874 (Tel: 423333; Telex: 69519).

Taxis

Metered but negotiation is advisable. Tipping is not usual.

Car hire

Check local regulations — domestic licences can often be used for short periods but international licences *not* acceptable.

In Abu Dhabi — Avis: PO Box 3237 (Tel: 23760; Telex: 22669). Budget: Al Nasr St, PO Box 3292 (Tel: 334200; Telex: 22811).

Europcar: PO Box 4399 (Tel: 701181).

Abu Dhabi Car Sales & Rental Co: PO Box 609 (Tel: 44351).

In Dubai — Avis: PO Box 6891 (Tel: 282121; Telex: 47717).

Budget: Caltex Petrol Station, Clock Tower, Deira (Tel: 225545; Telex: 46799).

Eurocar: PO Box 2533 (Tel: 228886/283803; Telex: 47012).

Inter-Rent: PO Box 2622 (Tel: 224647/281969; Telex: 45726).

International Rent-A-Car: PO Box 1827 (Tel: 662233; Telex: 46799).

In Fujairah — Avis: PO Box 231 (Tel: 22411; Telex: 47717).

In Sharjah—Avis: Port Khan Rd (Tel: 351437; Telex 68058).

Budget: King Faisal St, PO Box 2200 (Tel: 373600; Telex: 68176).

Worldwide Rent-A-Car: (Tel: 355545/47).

Internal travel

Air: Gulf Air operates domestic services from Abu Dhabi to Dubai, Sharjah and Ras al Khaimah.

Road: good, surfaced roads along coast linking all Emirates.

Telecommunications

In 1979 there were approximately 133,000 telephones in the whole of the UAE with 33,000 business lines and an automatic system for main centres and links with other countries.

Telephone calls within UAE towns and cities are free. There are public telex facilities in Abu Dhabi and Dubai at Emirtel and main post offices and telegraph facilities in main centres.

Banks

Abu Dhabi

Head offices: Arab Bank for Investment and Foreign Trade, Emirates Commercial Bank, Federal Commercial Bank, Khalij Commercial Bank, National Bank of Abu Dhabi, United Arab Emirates Central Bank, United Arab Emirates Development Bank.

Banks based in other Emirates: Bank of Oman, National Bank of Dubai, United Arab Bank.

Foreign branches: Algemene Bank Nederland, Arab Bank, Banca Commerciale Italiana, Banco Urquijo, Bank Melli Iran, Bank of Baroda, Bank of Credit and Commerce International, Bank Saderat Iran, Banque de Paris et des Pays-Bas, Banque du Caire, Banque Libanaise pour le Commerce, Barclays Bank International, British Bank of the Middle East, Chartered Bank, Citibank, Credit Lyonnais, Credit Suisse, First National Bank of Chicago, Grindlays Bank, Habib Bank, Janata Bank, Rafidain Bank, Standard Bank, Toronto-Dominion Bank, United Bank.

Ajman

Banks based in other Emirates: Bank of Oman, National Bank of Abu Dhabi.

Foreign branches: Arab Bank, Bank of Credit and Commerce International, Bank Saderate Iran, British Bank of the Middle East, Grindlays Bank, Habib Bank, Janata Bank, United Bank.

Dubai

Head offices: Alahi Bank, Bank of Oman, Commercial Bank of Dubai, Dubai Bank, Emirates National Bank, Middle East Bank, National Bank of Dubai, Union Bank of the Middle East, Wardley Middle East.

Banks based in other Emirates: Federal Commercial Bank, National Bank of Ras al-Khaimah, United Arab Bank.

Foreign branches: Algemene Bank Nederland, American Express International Banking Corp, Amro Bank, Arab Bank, Arab African Bank, Bank Melli Iran, Bank of Baroda, Bank of Credit and Commerce International, Bank of Nova Scotia, Bank Saderat Iran, Banque de l'Indochine et de Suez, Banque de Paris et des Pays-Bas, Banque Libanaise pour le Commerce, Barclays Bank International, British Bank of the Middle East, Citibank, First National Bank of Chicago, Grindlays Bank, Habib Bank, Janata Bank, Lloyds Bank International, Royal Bank of Canada, Standard Chartered Bank, Toronto-Dominion Bank, United Bank.

Fujairah

Banks based in other Emirates: Bank of Oman, National Bank of Abu Dhabi, United Arab Bank.

Foreign branches: Arab Bank, Bank Melli Iran, Bank of Baroda, Bank of Credit and Commerce International, British Bank of the Middle East, Grindlays Bank.

Ras al-Khaimah

Head office: National Bank of Ras al-Khaimah.

Banks based in other Emirates: Bank of Oman, Commercial Bank of Dubai, National Bank of Abu Dhabi, United Arab Emirates Central Bank, United Arab Bank.

Foreign branches: Arab Bank, Bank Melli Iran, Bank of Baroda, Bank of Credit and Commerce International, Bank Saderat Iran, Banque du Caire, Banque Libanaise pour le Commerce, Barclays Bank International, British Bank of the Middle East, Chartered Bank, Grindlays Bank, Habib Bank, Janata Bank, Middle East Bank.

Sharjah

Head offices: Bank of Sharjah, Investment Bank for Trade and Finance, National Bank of Sharjah, United Arab Bank.

Banks based in other Emirates: Bank of Oman, Commercial Bank of Dubai, Middle East Bank, National Bank of Abu Dhabi, United Arab Emirates Central Bank.

Foreign branches: Algemene Bank Nederland, Arab Bank, Bank Melli Iran, Bank of Baroda, Bank of Credit and Commerce International, Bank Saderat Iran, Banque de l'Indochine et de Suez, Banque du Caire, Banque du Liban et d'Outre-Mer, Banque Libanaise pour le Commerce, Barclays Bank International, British Bank of the Middle East, Chartered Bank, Citibank, Grindlays Bank, Habib Bank, Janata Bank.

Umm al-Qaiwain

Banks based in other Emirates: Bank of Oman, Middle East Bank, National Bank of Abu Dhabi, National Bank of Dubai, United Arab Bank.

Foreign branches: Arab Bank, Bank of Baroda, Bank of Credit and Commerce International, British Bank of the Middle East, Grindlays Bank, Habib Bank.

Banking hours: 0800-1200. (exceptions: Fri. closed; Thurs. 0800-11.00 in Abu Dhabi; 0800-12.00 in Northern Emirates).

Business hours

0700/0800-1300/1400, 1600-1900/1930 (exceptions: Fri, closed, Thurs. 0700-1100/1200/1230; there is some variation between Emirates and between summer and winter.)

Useful addresses

Federal Government offices in Abu Dhabi:

Ministry of Economy and Commerce PO Box 901 (tel: 62780).

Ministry of Finance and Industry: PO Box 433 (tel: 63200).

Ministry of Petroleum and Mineral Resources: PO Box 59 (tel: 62810).

UAE Central Bank: PO Box 854 (tel: 68200).

Abu Dhabi

Abu Dhabi Chamber of Commerce and Industry: PO Box 622 (tel: 41880/1; telex: 22449).

Abu Dhabi Company for Onshore Oil Operations: PO Box 270.

Abu Dhabi Development Finance Corp: PO Box 30 (Tel: 22656/7).

Gas Liquefaction Co: PO Box 3500.

Marine Operating Co: PO Box 270.

Abu Dhabi National Oil Co (ADNOC): PO Box 898.

Ajman

Chamber of Commerce: PO Box 622 (Tel: 22177/8/9).

Dubai

Chamber of Commerce: PO Box 1457 (Tel: 221181/91; Telex: 5997).

Port Authority of Jebel Ali: PO Box 3258 (Tel: 472570; Telex: 46580).

Ras al-Khaimah

Chamber of Commerce, Industry & Agriculture: PO Box 87 (Tel: 213348: Telex: 99140).

Sharjah

Chamber of Commerce & Industry: PO Box 580 (Tel: 22464; Telex: 68205).

Sharjah Port Authority: PO Box 510 (Tel: 356000: Telex: 68138).

Umm al-Qaiwain

Chamber of Commerce: PO Box 436 (Tel: 69215/66915; Telex: 69714).

Embassies in capital

Algeria, Australia, Austria, Bangladesh, Belgium, Brazil, Denmark, Egypt, France, Gabon, German FR, India, Indonesia, Iran, Iraq, Italy, Japan, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Netherlands, Pakistan, Philippines, Qatar, Saudi Arabia, Somalia, Spain, Sri Lanka, Sudan, Switzerland, Syria, Tunisia, Turkey, UK, USA, Yemen AR.

Tourism

National tourist agency: Ministry of Information and Culture PO Box 17, Abu Dhabi (Tel: 326000).

Tourist notes: There are museums at Al-Ain, Dubai, Ras al-Khaimah—some exhibits dating back thousands of years; the reconstructed burial mounds at Hili near Al-Ain can be visited; zoos have been set up at Al-Ain (specialises in rare Gulf-region animals) and Dubai; dhow-building can still be seen, e.g. in Ajman; maps of the cities of Abu Dhabi, Dubai, Al-Ain, Sharjah were published in 1981.

Business Guide information from Middle East Review 1983, a country by country guide to the region published by World of Information, 21 Gold Street, Saffron Walden, Essex, CB10 1EJ. Tel: (0799) 21150. Telex: 817197.

UNITED ARAB EMIRATES XI

Well-organised market ready next year

Stock Exchange

KATHY EVANS

A PROJECT under study in the Emirates—which will have far-reaching consequences for the economy—is the establishment of a stock exchange. The UAE is hoping to join Bahrain, Kuwait and Oman by having a well-organised and monitored market off the ground next year.

The Emirates has the benefit of hindsight, for the financial authorities are anxious that their own stock market will not fall prey to the ills which marked the exchanges in Kuwait.

A working committee has been drawn up consisting of officials from the chambers of commerce, the Economy Ministry, Justice Department and the Central Bank, and present thinking is centring around modelling a stock market law on the Jordanian system. The Emirates have also commissioned a report on the market's potential from the International Finance Corporation, part of the World Bank.

The Amman exchange does not allow forward dealing, and it is likely that the UAE will follow suit, at least for a couple of years "until market discipline is established," say officials. At present, it is thought that about 40 to 50 companies would be candidates for listing on the exchange, though some 70 companies have already been studied.

The stock exchange in Amman, Jordan, on which the new UAE exchange is to be modelled.

First, the UAE has to pass its company law, which has been awaiting approval by the Supreme Council for some time. The draft law requires that 51 per cent of all UAE companies should be owned by nationals. At present, such a philosophy would seem to be out of line of GCC thinking, for recent resolutions of the Doha summit talked of giving Gulf citizens equality in the economies of member countries.

The point is significant, for if Gulf nationals were given equal access to each other's markets, the result would be one Gulf market with exchanges in each GCC country. A ruling on the issue would seem vital for the 25 or so Emirates-registered companies currently listed on Kuwait's unofficial Souk al Manakh exchange. Many of these companies have already been studied for listing on the UAE exchange, despite the fact that they are predominantly Kuwaiti-owned.

One of the major decisions which has to be taken before the market's establishment is where to locate the exchange. Abu Dhabi would naturally prefer the exchange to be in the capital, but Dubai would also be anxious to reaffirm its role as commercial centre of the country.

One of the ways to get round this problem would be to have a computerised system, with dealers registering deals on their terminals without having a floor at all. Such a system would take about two years to set up, say officials, and the government is now talking of establishing a co-ordinating centre in the first stage.

Central Bank officials say they are anxious that, before the exchange gets off the ground, there should be a training period for brokers. At present, share brokers merely have to be licensed by the municipalities.

Public interest also has to be stimulated in such a market, for the government does not want the exchange to be dominated by a handful of businessmen with large surpluses to invest. At present, a large part of those surpluses are going out the country, because of the lack of local investment opportunities. The financial authorities would like some of those funds to stay at home, but not to the extent that the new stock market becomes overheated.

The government hopes that local banks will be listed on the exchange. Under Article 79 of August 1980, which established the Central Bank, local banks are required to become joint stock companies.

The Central Bank would like to see the scores of local banks under family control merge into solid large units, giving more stability to the banking sector. It would prefer to see the Saudi and Kuwaiti system prevail, where there are only six to 10 large, local banks. To do that, however, the government first has to convince the local merchant families to lessen control over their banks.

Numbers still rising despite pressures to leave

Immigrant labourers

BY A SPECIAL CORRESPONDENT

IT IS easy to understand the concern felt by UAE nationals about the overwhelming foreign presence in their country. Today, they constitute less than 30 per cent of the population. Even compared with the Indian and Pakistani workers they are a minority in their own country.

Despite this, the UAE still has no formal population policy. Instead it has purges, periods marked by roadblocks, identity checks and mass deportations of "illegals." The business recession, it is hoped, will do the rest.

Surprisingly, these developments have failed so far to produce a net outflow of immigrants. So feelings on both sides are becoming stronger and resentment is building up.

The cultural inflow is similarly unstoppable. It is true that young UAE nationals are learning to drink, take drugs and disco all night—many of them probably learnt to do so while studying in the U.S. or on foreign holidays. In a world where "Dallas" has become global entertainment, it is virtually impossible to go into cultural hibernation, no matter how much parents and governments would like a country to.

Foreigners have become an easy target to blame for this sudden transformation of a conservative bedouin society. Nevertheless, reaction to the adverse influences on the country has to be carefully controlled. The outbursts of nationalism and xenophobia have assumed overtones of racism, and racism in a country as ethnically imbalanced as the Emirates could prove explosive.

In the eyes of many immigrants, this racism took root long ago. Rental contracts for accommodation frequently state "not for rent to Asian families." The situations vacant column in the local press usually openly, and unblushingly, state the nationality or race required for a position.

Many foreigners also perceive the justice system to be biased against them, and point to innumerable examples reported in the media.

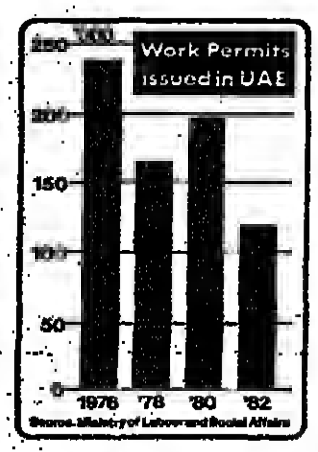
A glance at one week's papers shows a case of a local woman sentenced to two months for fraud, and a Pakistani national to 2½ years and deportation for the crime of cursing. It is impossible to judge the merits of each case from newspaper accounts, but nevertheless the perception of unfair treatment from the authorities is very strong among foreigners.

Nationals, in contrast, are privileged—which is how it should be materially, if the country's oil wealth is to be used to improve the situation of its citizens. Yet the privileges do not confine themselves to the financial.

At head of the queue

Nationals always go to the head of the queue, always manage to get on aircraft that seemed to be fully booked. They live in separate identifiable areas, and always are deferentially treated. The servility of their employees shields them from the brunt of the resentment they create.

In recent months, many foreign residents, particularly those from Asia, have become alarmed at their treatment at the hands of the authorities. As the Emirates try to trim the foreign population and root out illegal aliens, police tactics have become heavyhanded, according to a number of ambassadors. They point to lightning raids being conducted by the police in public squares and souk areas, where hundreds of Asians are scooped up by police and taken off for investigation.



Telephones in the Asian embassies are currently ringing off the hook with calls from worried wives looking for their husbands. They are usually traced to a police station, where they remain until their local sponsor verifies the validity of employment.

Three such raids have occurred in the main towns of the Emirates. Labour Ministry officials say that foreigners have nothing to fear if their papers are in order, but even so the investigations begin from the inside of a jail, and can last several weeks.

Moreover, many have been deported under an all-embracing security law in force in Sharjah, and Sharjah is the exit point for those to be deported.

Labour officials say the whole issue of arrests and deportation has been exaggerated. Only 2,876 people have been deported in the first six months of this year, say officials. Nevertheless, the "scare factor" is very much at work within the Asian community.

These round-ups have occurred because the UAE has at last been trying to get to grips with its labour problem. The first indication of its determination not only to root out "illegals" but to upgrade the skills of the labour force came with the introduction of the six-month law.

The controversial six-month law forbids any foreign worker to change his job without first spending six months outside the country. The initial impact of the law was to create thousands of illegal aliens overnight, for many employees had been working for one company after being given a release letter from the original employer.

The second repurcussion on the labour market is that companies can no longer recruit from the local pool, and are now forced to look outside for new staff. Many feel that this has increased labour and recruitment costs, while others concede that it may lead to higher calibre staff being employed.

Khalfan Roumi, the UAE Labour Minister, says the law was designed to protect employers. "Too many employees were changing jobs and taking company information with them. We have to protect our interests." Although there are hopes that exceptions will be introduced for the professional classes, the Labour Minister says the law is unlikely to be changed in the foreseeable future.

Trimming the extra numbers from the foreign labour force is not going to be as easy as originally thought. When several hundred Egyptian teachers were sent home recently, the Government found that it had suddenly to recall many of them to cope with the influx of the new school year. However, Government departments are now studying how to slice some 22 or 25 per cent of their staff.

The cutbacks are beginning to affect Arab nationals for the first time. Until now, it has largely been Asian construction workers who have suffered because of the downturn in the economy. However, the business recession has meant that the Arab managerial sector is facing competition from their cheaper, Asian counterparts.

It is not a prospect that Arabs relish. After all, they point out, the UAE is an Arab country and the "Arabisation" of the labour force is a stated priority. The UAE does in fact have a more liberal policy than other Gulf states for such nationalities as Palestinians, Syrians and Lebanese.

However, in the Emirates today, local companies are becoming more cost conscious in their recruitment of executive staff. Hence many Arab and English expatriate managers do not feel as secure, for a long term future in the UAE, as they used to.

One sector which is likely to be regulated in the future is that of domestic servants. The UAE, like other Gulf countries, is becoming concerned about the cultural influences exerted over its children by foreign nannies.

Weeping at airport

A local Arabic newspaper reported the recent case of a little boy found weeping in Dubai Airport. He was devastated by the departure of his "mother"—a Filipino maid—for her annual vacation. The child ended up going with her.

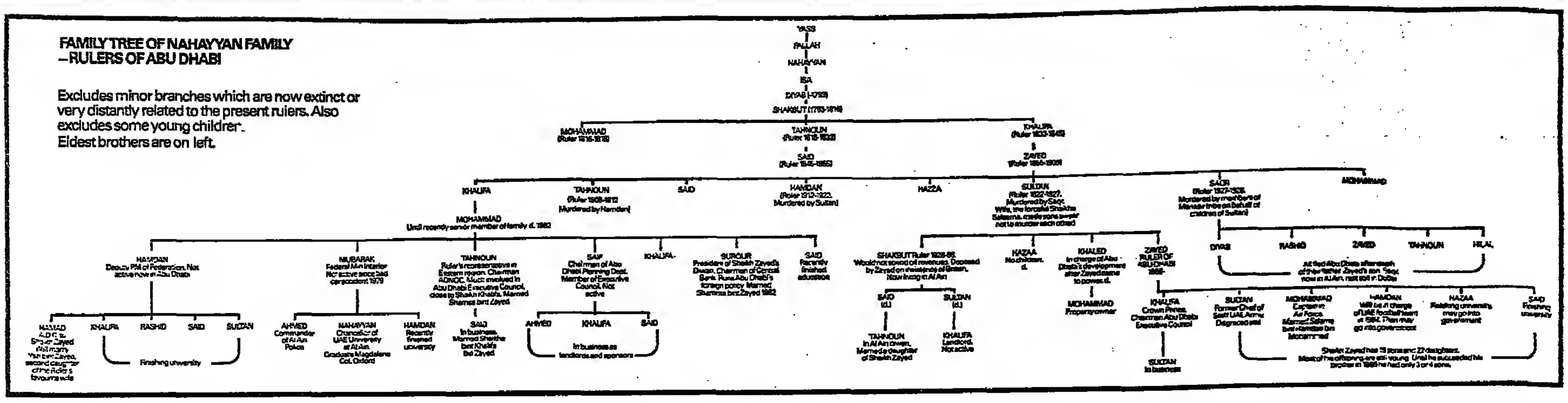
Government officials say they are concerned about the problem, but hope that local families will choose to bring up their own children.

None of the pressures exerted on foreigners has produced the net outflow required. In the first six months of this year nearly 47,000 new work permits were issued, compared with about 41,200 cancellations of residence. The net inflow is becoming smaller, however, and may have been reversed over the summer months. In January-July this year 47,000 new residence permits were issued, compared with 120,000 in the whole of 1982, 196,000 in 1981 and 240,000 in 1976.

However, with 500 students graduating from the UAE University of Al Ain each year and with the influx of students returning from foreign universities, pressure for jobs is going to build up. It is the Arab national employee who is going to face the brunt of this pressure.

So far, the Emirates government says it is not considering requiring companies to employ a certain percentage of nationals, as Bahraini law requires, but this is being considered for the future, "when there are enough nationals to fill the top jobs," say officials.

"After all, this is our country and we must protect it," Mr Khalfan Roumi, Labour Minister, says.



Nahayyan Family: further united by marriage

BY MICHAEL FIELD

IN THE past three years the people of Abu Dhabi—and the Western community in the state — have been greatly reassured by the growing stature of Shaikh Khalifa bin Zayed, the eldest son and chosen heir of the Ruler.

Shaikh Zayed, who is more active in his capacity as President of the UAE than as Ruler of Abu Dhabi, is in his mid-60s and is still fit. He may be an effective leader for another ten years, but it is important that he should have a plausible heir. In the later 1970s Khalifa did not seem to fit this role, but he has since been carefully groomed for it by his father.

In effect Khalifa has been allowed to govern Abu Dhabi and train himself while in the job. He is Chairman of the Executive Council, which acts as the state's Cabinet; ultimately it is Khalifa who is responsible for the state's planning and spending and who authorises big projects.

Equally important from the point of view of the ordinary people of Abu Dhabi, he controls the Social Services Department, through which citizens can obtain loans at ½ per cent to build their own homes or property for letting. The loan scheme was established on the initiative of Khalifa and is seen by many citizens as the heir apparent's personal gift to his people.

In the past 12 months it has begun to look as if Khalifa is setting his sights not only on being Ruler of Abu Dhabi but on becoming federal President.

The only federal position he holds now is that of deputy commander-in-chief of the UAE's armed forces; he has the rank of Lieutenant-General and is always referred to by this title in the Emirates' Press. Speculation about a broadening of Khalifa's aspirations has been prompted by the three or four visits he has made to the northern emirates this year. Previously he seldom left Abu Dhabi, except to go to Europe or other Arab countries.

In no sense do these developments suggest that Khalifa is close to being the presidential heir apparent. His father is known in the Emirates and internationally as a man of great stature—utterly honest, brave, generous and wise—and will be extremely difficult to follow. At the moment there is no obvious presidential successor.

The promotion of Shaikh Khalifa has coincided with a series of important and extremely spectacular and costly, marriages designed further to unite Zayed's sons and his first cousins, the Beni Mohammad, who form the two main branches of the Nahayyan family. Details of the marriages are given in the Nahayyan family tree.

Even before the recent alliances, marriages between the two branches of the family were common. It has also been noticed for some years that Shaikh Tahnoun and Shaikh Surour, the two most important of the Beni Mohammad, have deferred to Khalifa.

Arabian ruling families now are very conscious of the need for them to be united. They reason that the most likely cause of their demise would be a split in their own ranks, such as nearly brought down the house of Saud in the late 1950s and early 1960s.

Because of this the fashion now is to designate a ruler's successor almost as soon as he comes to power. This may not involve the most able successor being chosen, and it certainly runs against the Arabian tradition of a family conclave electing a new leader from within its own ranks after a ruler's death. But the advantages of ensuring a stable and predictable succession are thought to outweigh the disadvantages.

Despite these considerations a quarrel over the succession between the two branches of the Nahayyan family remains a theoretical possibility—and it is not forgotten that before Zayed's very diplomatic brother, Shakbut, came to power in 1928 the family's history was besmirched by a series of murders.

Nor is there any legal or tribal reason why the succession should not pass from Zayed's branch of the family to the Beni Mohammad; in theory the two have equally good claims.

In practice, though, it is thought extremely unlikely that the Beni Mohammad would ever challenge Shaikh Khalifa. That is unless, after his succession, Khalifa proves himself incompetent in some way, which seems less likely with every year that passes.

Zayed bin Sultan al Nahayyan

President of the UAE since 1971 and Ruler of Abu Dhabi since 1966. Aged about 65.

BEFORE HE became Ruler, Zayed for 20 years was governor of Al Ain and the Eastern Region of Abu Dhabi. In this post he played a major role in the early 1950s—long before Abu Dhabi had any oil income—in resisting the Saudi incursion into the Buraimi oasis, of which Al Ain is a part. It is said that he was offered a bribe of $1m during this event, and turned it down out of hand.

In 1966 he was persuaded by the British to take over the rule of his state from his brother, Shakbut, who was refusing to spend money on development. This he was extremely reluctant to do because he and his brothers had long before sworn to their mother, the forceful Shaikha Salaama, not to murder each other. After he finally agreed to the British request, his brother spent a few years in exile, but then returned to Al Ain, where he still lives.

Zayed's rule from the start has been marked by more lavish and uninhibited spending than has been seen in any other oil state. He has been anxious to give his people all possible welfare benefits and to beautify their city. He has a particular, and expensive, passion for green things. The boulevards of Abu Dhabi and the road to Al Ain are now lined with grass and trees.

Much of Zayed's time is spent outside the country; he has gained a reputation as a mediator in inter-Arab disputes. When he is in Abu Dhabi he is often in the desert, hunting. This makes him less accessible to his people and officials than his son, Khalifa.

Khalifa bin Zayed

Eldest son of Shaikh Zayed. Crown Prince of Abu Dhabi, Chairman of the Abu Dhabi Executive Council. Deputy Supreme Commander of the UAE armed forces. Aged about 37.

KHALIFA USED to be a very shy and quiet personality who greatly over-indulged himself and damaged his health. In recent years he has become much more confident as he has been given authority. He works hard and is quite shrewd—though he does not have a fine, quick intelligence, and he does not have his father's easy way with the tribes. He was described recently as "a man of few words who tends to use one sentence where three would be more interesting."

As well as chairing the Abu Dhabi Executive Council (a role described in the accompanying article on the Nahayyan family) since the beginning of 1982, Khalifa has become increasingly involved with Abu Dhabi's oil policy. He has chaired all of the Abu Dhabi National Oil Company board meetings in the last 18 months — though officially Shaikh Tahnoun remains chairman of the company.

It is felt in Abu Dhabi that the time has come to ease out some of the Algerian managers who built ADNOC and replace them with newly-qualified young Abu Dhabians—and it may be easier for Khalifa to do this than for Tahnoun, who brought in the Algerians originally.

Khalifa has 18 younger brothers, of whom 16 are still at school or university or have just finished their education. Of the two who have held official positions the elder is Sultan, a wild personality who was Chief of Staff of the UAE armed forces from 1978 to 1982. Since he disgraced himself and left his command he has been in America receiving medical treatment.

The next brother, Mohammed, is the eldest son of Zayed's favourite and longest standing wife, Shaikha Fatima. Mohammad was educated at Gordonstoun and Sandhurst and is now a Captain in the Air Force. He is regarded as a sober up-and-coming man, and has taken over Sultan's role as the military member of the Al Nahayyan. He has a good rapport with Mohammad bin Rashid, the third son of Shaikh Rashid of Dubai and Federal Minister of Defence.

Hamdan bin Mohammad

Second Deputy Prime Minister of the UAE, aged about 50. Does not speak English.

IN THE LATE 1960s, after Sheikh Zayed became Ruler, Shaikh Hamdan was the driving force in Abu Dhabi's development, with several departments under his control. Since taking his federal post in 1971 he has left the Abu Dhabi administration and has gained a reputation in the state for being inactive and mainly interested in business.

As Deputy Prime Minister of the Federation Hamdan frequently chairs Cabinet meetings; the first deputy premier, Maktoum bin Rashid, is often not present. Much of his other work involves receiving official delegations.

Hamdan and his six brothers are a reasonably close-knit group, although they do not all have the same mother. The mother of Hamdan, Mubarak and Tahnoun was one of the Otaiba family from the coast; the mother of the four younger brothers, including Surour, was a member of the Dhaheri family from Al Ain.

Tahnoun bin Mohammad

Governor of the Eastern Region since 1966 and Chairman of the Abu Dhabi National Oil Company. Aged about 45. Does not speak English. Married to a daughter of the Otaiba family and to Shamsa bint Zayed.

SHAIKH TAHNOUN is the representative of Shaikh Zayed in the Eastern Region. This extends to the east of a diagonal line which runs from Khaznah on the Abu Dhabi-Al Ain road to the centre of the Liwa oasis in the south of the State. In this area Tahnoun is responsible not only for public security; he is very much in charge of development spending. He can be found in his majlis in Al Ain between 8.30 am and 1 pm most weekdays — the exceptions being Sunday and Monday, when he attends to ADNOC business in Abu Dhabi.

Tahnoun has many of the characteristics (as well as the appearance) of a traditional shaikh. Like Zayed he is a strong personality, with charm and dignity. He enjoys hunting, lives rather modestly, is extremely generous and has a good rapport with the tribes.

Tahnoun's big tribal constituency makes him the most powerful man in Abu Dhabi after Shaikh Zayed. He is active on the state's Executive Council and has good relations with Shaikh Khalifa (and with the sons of Shaikh Rashid of Dubai).

In the last year Tahnoun has been taking a very active interest in the Abu Dhabi National Oil Company, of which he is chairman, though he has allowed Khalifa to preside at ADNOC board meetings. Tahnoun is not concerned at all with federal matters.

Surour bin Mohammad

President of Shaikh Zayed's diwan (court). Chairman of the UAE Central Bank. Aged about 35, speaks English. Married, for the first time, in late 1982 to Shamma bint Zayed, the Ruler's eldest daughter by his favourite wife.

SHEIKH SUROUR in Western terms is probably the most intelligent, competent and hard-working of the senior members of the Nahayyan family. He is a straight, bright outward-going person. As Presidential Chamberlain he runs Abu Dhabi's security and foreign policy; he is Zayed's closest financial adviser and is understood to supervise the ruler's investments. His power and influence have increased enormously in the past four or five years.

Surour is known for having good relations with both radical and conservative Arab states. At an important reception recently he was heard to introduce a senior Libyan Government official to the well-known Libyan emigré, Yahya Omar, with the words: "... Ah, and here is the man you want to kill. Yahya, this is the man who wants to kill you." This style of blunt, slightly cruel humour is much admired in Arabia.

Mohammad bin Buti Qubaisi

Ruler's representative in the western region, head of the Abu Dhabi Municipality.

MOHAMMAD bin Buti is not a member of the Nahayyan family, though he is a great nephew of Shaikh Zayed's mother, Shaikha Salaama. His importance comes from the fact that he holds roughly the equivalent job in the west of the country to Shaikh Tahnoun's in the east. His territory includes all areas to the west of the Khaznah-Liwa oasis line, with the exception of the oil terminal town of Jabel Dhanna, which is governed by Sultan bin Surour Dhaheri. Mohammad bin Buti divides his time between Abu Dhabi and the coastal town of Tarif.

In his capacity as governor of the Western Region, three or four years ago Mohammad bin Buti chased a group of Yemeni smugglers across all of southern Saudi Arabia to the Yemeni border, where their tracks are said to have disappeared.

The men, who had been moving cigarettes from Abu Dhabi to their own country, had stolen cars in the Liwa and killed one of the governor's retainers. The governor's response to this raid somewhat surprised his friends, because although he is by no means lazy, he is not known to be that much of a man of action.

Mohammad bin Buti is extremely popular among members of his own tribal branch, the Qubaisat, whom he likes and favours. He is useful to the ruling family in being a butt for criticisms levelled at the running of Abu Dhabi city.